

107TH CONGRESS  
2D SESSION

**H.R. 3009**

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**HOUSE AMENDMENT TO  
SENATE AMENDMENT**



# ***In the House of Representatives, U. S.,***

*June 26, 2002.*

*Resolved*, That the House agree to the amendment of the Senate to the bill (H.R. 3009) entitled “An Act to extend the Andean Trade Preference Act, to grant additional trade benefits under that Act, and for other purposes”, with the following

## **HOUSE AMENDMENT TO SENATE AMENDMENT:**

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

1 ***SECTION 1. SHORT TITLE.***

2 *This Act may be cited as the “Trade Act of 2002”.*

3 ***SEC. 2. ORGANIZATION OF ACT INTO DIVISIONS; TABLE OF***  
4 ***CONTENTS.***

5 *(a) DIVISIONS.—This Act is organized into 4 divisions*  
6 *as follows:*

7 *(1) DIVISION A.—Trade Adjustment Assistance.*

8 *(2) DIVISION B.—Bipartisan Trade Promotion*  
9 *Authority.*

10 *(3) DIVISION C.—Andean Trade Preference Act.*

11 *(4) DIVISION D.—Extension of Certain Pref-*  
12 *erential Trade Treatment and Other Provisions.*

1        *(b) TABLE OF CONTENTS.—The table of contents for*  
 2 *this Act is as follows:*

*Sec. 1. Short title.*

*Sec. 2. Organization of act into divisions; table of contents.*

*DIVISION A—TRADE ADJUSTMENT ASSISTANCE*

*Sec. 101. Short title.*

*TITLE I—TRADE ADJUSTMENT ASSISTANCE PROGRAM*

*Sec. 111. Reauthorization of trade adjustment assistance program.*

*Sec. 112. Filing of petitions and provision of rapid response assistance; expedited review of petitions by Secretary of Labor.*

*Sec. 113. Group eligibility requirements.*

*Sec. 114. Qualifying requirements for trade readjustment allowances.*

*Sec. 115. Waivers of training requirements.*

*Sec. 116. Amendments to limitations on trade readjustment allowances.*

*Sec. 117. Annual total amount of payments for training.*

*Sec. 118. Authority of States with respect to costs of approved training and supplemental assistance.*

*Sec. 119. Provision of employer-based training.*

*Sec. 120. Coordination with title I of the Workforce Investment Act of 1998.*

*Sec. 121. Expenditure period.*

*Sec. 122. Declaration of policy; sense of Congress.*

*TITLE II—CREDIT FOR HEALTH INSURANCE COSTS OF ELIGIBLE INDIVIDUALS*

*Sec. 201. Credit for health insurance costs of individuals receiving a trade readjustment allowance or a benefit from the Pension Benefit Guaranty Corporation.*

*Sec. 202. Advance payment of credit for health insurance costs of eligible individuals.*

*TITLE III—CUSTOMS REAUTHORIZATION*

*Sec. 301. Short title.*

*Subtitle A—United States Customs Service*

*CHAPTER 1—DRUG ENFORCEMENT AND OTHER NONCOMMERCIAL AND COMMERCIAL OPERATIONS*

*Sec. 311. Authorization of appropriations for noncommercial operations, commercial operations, and air and marine interdiction.*

*Sec. 312. Antiterrorist and illicit narcotics detection equipment for the United States-Mexico border, United States-Canada border, and Florida and the Gulf Coast seaports.*

*Sec. 313. Compliance with performance plan requirements.*

*CHAPTER 2—CHILD CYBER-SMUGGLING CENTER OF THE CUSTOMS SERVICE*

*Sec. 321. Authorization of appropriations for program to prevent child pornography/child sexual exploitation.*

## CHAPTER 3—MISCELLANEOUS PROVISIONS

- Sec. 331. Additional Customs Service officers for United States-Canada border.*  
*Sec. 332. Study and report relating to personnel practices of the Customs Service.*  
*Sec. 333. Study and report relating to accounting and auditing procedures of the Customs Service.*  
*Sec. 334. Establishment and implementation of cost accounting system; reports.*  
*Sec. 335. Study and report relating to timeliness of prospective rulings.*  
*Sec. 336. Study and report relating to customs user fees.*  
*Sec. 337. Fees for customs inspections at express courier facilities.*  
*Sec. 338. National customs automation program.*

## CHAPTER 4—ANTITERRORISM PROVISIONS

- Sec. 341. Immunity for United States officials that act in good faith.*  
*Sec. 342. Emergency adjustments to offices, ports of entry, or staffing of the customs service.*  
*Sec. 343. Mandatory advanced electronic information for cargo and passengers.*  
*Sec. 344. Border search authority for certain contraband in outbound mail.*  
*Sec. 345. Authorization of appropriations for reestablishment of customs operations in New York City.*

## CHAPTER 5—TEXTILE TRANSHIPMENT PROVISIONS

- Sec. 351. Gao audit of textile transshipment monitoring by customs service.*  
*Sec. 352. Authorization of appropriations for textile transshipment enforcement operations.*  
*Sec. 353. Implementation of the african growth and opportunity act.*

## Subtitle B—Office of the United States Trade Representative

- Sec. 361. Authorization of appropriations.*

## Subtitle C—United States International Trade Commission

- Sec. 371. Authorization of appropriations.*

## Subtitle D—Other trade provisions

- Sec. 381. Increase in aggregate value of articles exempt from duty acquired abroad by United States residents.*  
*Sec. 382. Regulatory audit procedures.*

## DIVISION B—BIPARTISAN TRADE PROMOTION AUTHORITY

## TITLE XXI—TRADE PROMOTION AUTHORITY

- Sec. 2101. Short title and findings.*  
*Sec. 2102. Trade negotiating objectives.*  
*Sec. 2103. Trade agreements authority.*  
*Sec. 2104. Consultations and assessment.*  
*Sec. 2105. Implementation of trade agreements.*  
*Sec. 2106. Treatment of certain trade agreements for which negotiations have already begun.*  
*Sec. 2107. Congressional oversight group.*  
*Sec. 2108. Additional implementation and enforcement requirements.*  
*Sec. 2109. Committee staff.*  
*Sec. 2110. Conforming amendments.*

*Sec. 2111. Definitions.*

*DIVISION C—ANDEAN TRADE PREFERENCE ACT*

*TITLE XXXI—ANDEAN TRADE PREFERENCE*

*Sec. 3101. Short title.*

*Sec. 3102. Findings.*

*Sec. 3103. Articles eligible for preferential treatment.*

*Sec. 3104. Termination of preferential treatment.*

*Sec. 3105. Trade benefits under the Caribbean Basin Economic Recovery act.*

*Sec. 3106. Trade benefits under the African Growth and Opportunity Act.*

*DIVISION D—EXTENSION OF CERTAIN PREFERENTIAL TRADE  
TREATMENT AND OTHER PROVISIONS*

*Sec. 4101. Extension of generalized system of preferences.*

*Sec. 4102. Fund for WTO dispute settlements.*

*Sec. 4103. Payment of duties and fees.*

1                   ***DIVISION A—TRADE***  
2                   ***ADJUSTMENT ASSISTANCE***

3   ***SEC. 101. SHORT TITLE.***

4           *This division may be cited as the “Trade Adjustment*  
5 *Assistance Reform Act of 2002”.*

6                   ***TITLE I—TRADE ADJUSTMENT***  
7                   ***ASSISTANCE PROGRAM***

8   ***SEC. 111. REAUTHORIZATION OF TRADE ADJUSTMENT AS-***  
9                   ***SISTANCE PROGRAM.***

10           *(a) ASSISTANCE FOR WORKERS.—Section 245 of the*  
11 *Trade Act of 1974 (19 U.S.C. 2317) is amended by striking*  
12 *“October 1, 1998, and ending September 30, 2001,” each*  
13 *place it appears and inserting “October 1, 2001, and end-*  
14 *ing September 30, 2004,”.*

15           *(b) ASSISTANCE FOR FIRMS.—Section 256(b) of the*  
16 *Trade Act of 1974 (19 U.S.C. 2346(b)) is amended by strik-*  
17 *ing “October 1, 1998, and ending September 30, 2001” and*

1 inserting “October 1, 2001, and ending September 30,  
2 2004,”.

3 (c) *TERMINATION*.—Section 285(c) of the Trade Act of  
4 1974 (19 U.S.C. 2271 note) is amended in paragraphs (1)  
5 and (2)(A) by striking “September 30, 2001” and inserting  
6 “September 30, 2004”.

7 (d) *TRAINING LIMITATION UNDER NAFTA PRO-*  
8 *GRAM*.—Section 250(d)(2) of the Trade Act of 1974 (19  
9 U.S.C. 2331(d)(2)) is amended by striking “October 1,  
10 1998, and ending September 30, 2001” and inserting “Oc-  
11 tober 1, 2001, and ending September 30, 2004”.

12 **SEC. 112. FILING OF PETITIONS AND PROVISION OF RAPID**  
13 **RESPONSE ASSISTANCE; EXPEDITED REVIEW**  
14 **OF PETITIONS BY SECRETARY OF LABOR.**

15 (a) *FILING OF PETITIONS AND PROVISION OF RAPID*  
16 *RESPONSE ASSISTANCE*.—Section 221(a) of the Trade Act  
17 of 1974 (19 U.S.C. 2271(a)) is amended to read as follows:

18 “(a)(1) A petition for certification of eligibility to  
19 apply for adjustment assistance for a group of workers  
20 under this chapter may be filed with the Governor of the  
21 State in which such workers’ firm or subdivision is located  
22 by any of the following:

23 “(A) The group of workers (including workers in  
24 an agricultural firm or subdivision of any agricul-  
25 tural firm).

1           “(B) *The certified or recognized union or other*  
2           *duly authorized representative of such workers.*

3           “(C) *Employers of such workers, one-stop opera-*  
4           *tors or one-stop partners (as defined in section 101 of*  
5           *the Workforce Investment Act of 1998 (29 U.S.C.*  
6           *2801)), including State employment security agencies,*  
7           *or the State dislocated worker unit established under*  
8           *title I of such Act, on behalf of such workers.*

9           “(2) *Upon receipt of a petition filed under paragraph*  
10          *(1), the Governor shall—*

11           “(A) *immediately transmit the petition to the*  
12           *Secretary of Labor (hereinafter in this chapter re-*  
13           *ferred to as the ‘Secretary’);*

14           “(B) *ensure that rapid response assistance, and*  
15           *appropriate core and intensive services (as described*  
16           *section 134 of the Workforce Investment Act of 1998*  
17           *(29 U.S.C. 2864)) authorized under other Federal*  
18           *laws are made available to the workers covered by the*  
19           *petition to the extent authorized under such laws; and*

20           “(C) *assist the Secretary in the review of the pe-*  
21           *tition by verifying such information and providing*  
22           *such other assistance as the Secretary may request.*

23           “(3) *Upon receipt of the petition, the Secretary shall*  
24          *promptly publish notice in the Federal Register that the*



1 *Secretary has received the petition and initiated an inves-*  
 2 *tigation.”.*

3 *(b) EXPEDITED REVIEW OF PETITIONS BY SECRETARY*  
 4 *OF LABOR.—Section 223(a) of such Act (19 U.S.C. 2273(a))*  
 5 *is amended in the first sentence by striking “60 days” and*  
 6 *inserting “40 days”.*

7 **SEC. 113. GROUP ELIGIBILITY REQUIREMENTS.**

8 *(a) TRADE ADJUSTMENT ASSISTANCE PROGRAM.—*

9 *(1) IN GENERAL.—Section 222 of the Trade Act*  
 10 *of 1974 (19 U.S.C. 2272) is amended—*

11 *(A) by redesignating subsection (b) as sub-*  
 12 *section (c); and*

13 *(B) by inserting after subsection (a) the fol-*  
 14 *lowing:*

15 *“(b)(1) A group of workers (including workers in any*  
 16 *agricultural firm or subdivision of an agricultural firm)*  
 17 *shall be certified by the Secretary as eligible to apply for*  
 18 *adjustment assistance benefits under this subchapter if, sub-*  
 19 *ject to paragraph (2), the Secretary determines that—*

20 *“(A) a significant number or proportion of the*  
 21 *workers in the workers’ firm or an appropriate sub-*  
 22 *division of the firm have become totally or partially*  
 23 *separated, or are threatened to become totally or par-*  
 24 *tially separated;*

1           “(B) *the workers’ firm (or subdivision) is a sup-*  
2           *plier to a firm (or subdivision) that employed workers*  
3           *covered by a certification of eligibility under sub-*  
4           *section (a), the component parts provided to the firm*  
5           *by the supplier is a direct component of the article*  
6           *that is the basis for the certification of eligibility*  
7           *under subsection (a), and either the component parts*  
8           *have a dedicated usage for the firm and the supplier*  
9           *does not have another reasonably available purchaser,*  
10          *or the component parts add at least 25 percent of the*  
11          *value to the article involved; and*

12          “(C) *a loss of business with the firm (or subdivi-*  
13          *sion) covered by the certification of eligibility under*  
14          *subsection (a) contributed importantly to the workers’*  
15          *separation or threat of separation determined under*  
16          *subparagraph (A).*

17          “(2) *A group of workers shall be eligible for certifi-*  
18          *cation by the Secretary under paragraph (1) if the petition*  
19          *for certification is filed with the Secretary not later than*  
20          *6 months after the date on which the Secretary certifies the*  
21          *group of workers in the firm (or subdivision of the firm)*  
22          *under subsection (a) with respect to which the firm involved*  
23          *is a supplier.”.*

24          (2) *DEFINITIONS.—Section 222(c) of such Act, as*  
25          *redesignated by paragraph (1)(A), is amended—*

1                   (A) in the matter preceding paragraph (1),  
 2                   by striking “subsection (a)(3)” and inserting  
 3                   “this section”; and

4                   (B) by adding at the end the following:

5                   “(3) The term ‘supplier’ means a firm that pro-  
 6                   duces component parts for articles produced by a firm  
 7                   (or subdivision) that employed a group of workers  
 8                   covered by a certification of eligibility under sub-  
 9                   section (a) and with respect to which the production  
 10                  of such component parts constitutes not less than 50  
 11                  percent of the total operations or production of the  
 12                  firm.”.

13               (b) *NAFTA TRANSITIONAL ADJUSTMENT ASSISTANCE*  
 14               *PROGRAM.*—

15               (1) *IN GENERAL.*—Section 250(a) of the Trade  
 16               Act of 1974 (19 U.S.C. 2331(a)) is amended—

17                   (A) by redesignating paragraphs (2) and  
 18                   (3) as paragraphs (3) and (4), respectively; and

19                   (B) by inserting after paragraph (1) the fol-  
 20                  lowing:

21               “(2) *CRITERIA FOR ADVERSELY AFFECTED SEC-*  
 22               *ONDARY WORKERS.*—(A) A group of workers (includ-  
 23               ing workers in any agricultural firm or subdivision  
 24               of an agricultural firm) shall be certified by the Sec-  
 25               retary as eligible to apply for adjustment assistance

1 *benefits under this subchapter if, subject to subpara-*  
2 *graph (B), the Secretary determines that—*

3 *“(i) a significant number or proportion of*  
4 *the workers in the workers’ firm or an appro-*  
5 *priate subdivision of the firm have become to-*  
6 *tally or partially separated, or are threatened to*  
7 *become totally or partially separated;*

8 *“(ii) the workers’ firm (or subdivision) is a*  
9 *supplier to a firm (or subdivision) that employed*  
10 *workers covered by a certification of eligibility*  
11 *under paragraph (1), the component parts pro-*  
12 *vided to the firm by the supplier is a direct com-*  
13 *ponent of the article that is the basis for the cer-*  
14 *tification of eligibility under subsection (a), and*  
15 *either the component parts have a dedicated*  
16 *usage for the firm and the supplier does not have*  
17 *another reasonably available purchaser, or the*  
18 *component parts add at least 25 percent of the*  
19 *value to the article involved; and*

20 *“(iii) a loss of business with the firm (or*  
21 *subdivision) covered by the certification of eligi-*  
22 *bility under paragraph (1) contributed impor-*  
23 *tantly to the workers’ separation or threat of sep-*  
24 *aration determined under clause (i).*

1           “(B) A group of workers shall be eligible for cer-  
2           tification by the Secretary under subparagraph (A) if  
3           the petition for certification is filed with the Sec-  
4           retary not later than 6 months after the date on  
5           which the Secretary certifies the group of workers in  
6           the firm (or subdivision of the firm) under paragraph  
7           (1) with respect to which the firm involved is a sup-  
8           plier.”.

9           (2) *DEFINITIONS.*—Section 250(a)(3) of such  
10          Act, as redesignated by paragraph (1)(A), is amended  
11          to read as follows:

12           “(3) *DEFINITIONS.*—In this section:

13                   “(A) The term ‘contributed importantly’  
14                   means a cause which is important but not nec-  
15                   essarily more important than any other cause.

16                   “(B) The term ‘supplier’ means a firm that  
17                   produces component parts for articles produced  
18                   by a firm (or subdivision) covered by a certifi-  
19                   cation of eligibility under paragraph (1) and  
20                   with respect to which the production of such  
21                   component parts constitutes not less than 50 per-  
22                   cent of the total operations or production of the  
23                   firm.”.

24           (3) *REGULATIONS.*—Section 250(a)(4) of such  
25          Act, as redesignated by paragraph (1)(A), is amended

1       *by striking “paragraph (1)” and inserting “para-*  
 2       *graphs (1) and (2)”.*

3       **SEC. 114. QUALIFYING REQUIREMENTS FOR TRADE READ-**  
 4       **JUSTMENT ALLOWANCES.**

5       *(a) CLARIFICATION OF CERTAIN REDUCTIONS.—(1)*  
 6       *Section 231(a)(3)(B) of the Trade Act of 1974 (19 U.S.C.*  
 7       *2291(a)(3)(B)) is amended by inserting after “any unem-*  
 8       *ployment insurance” the following: “, except additional*  
 9       *compensation that is funded by a State and is not reim-*  
 10       *bursed from any Federal funds,”.*

11       *(2) Section 233(a)(1) of the Trade Act of 1974 (19*  
 12       *U.S.C. 2293(a)(1)) is amended by inserting after “any un-*  
 13       *employment insurance” the following: “, except additional*  
 14       *compensation that is funded by a State and is not reim-*  
 15       *bursed from any Federal funds,”.*

16       *(b) ENROLLMENT IN TRAINING REQUIREMENT.—Sec-*  
 17       *tion 231(a)(5)(A) of such Act (19 U.S.C. 2291(a)(5)(A)) is*  
 18       *amended—*

19               *(1) by inserting “(i)” after “(A)”;*

20               *(2) by adding “and” after the comma at the end;*

21       *and*

22               *(3) by adding at the end the following:*

23                       *“(i) the enrollment required under clause*

24                       *(i) occurs no later than the latest of—*

1           “(I) the last day of the 13th week after  
 2           the worker’s most recent total separation  
 3           from adversely affected employment which  
 4           meets the requirements of paragraphs (1)  
 5           and (2);

6           “(II) the last day of the 8th week after  
 7           the week in which the Secretary issues a  
 8           certification covering the worker;

9           “(III) 45 days after the later of the  
 10          dates specified in subclause (I) or (II), if  
 11          the Secretary determines there are extenu-  
 12          ating circumstances that justify an exten-  
 13          sion in the enrollment period; or

14          “(IV) the last day of a period deter-  
 15          mined by the Secretary to be approved for  
 16          enrollment after the termination of a waiver  
 17          issued pursuant to subsection (c).”.

18 **SEC. 115. WAIVERS OF TRAINING REQUIREMENTS.**

19          (a) *IN GENERAL.*—Section 231(c) of the Trade Act of  
 20          1974 (19 U.S.C. 2291(c)) is amended to read as follows:

21          “(c)(1) The Secretary may issue a written statement  
 22          to a worker waiving the enrollment in the training require-  
 23          ment described in subsection (a)(5)(A) if the Secretary de-  
 24          termines that such training requirement is not feasible or

1 appropriate for the worker, as indicated by 1 or more of  
2 the following:

3           “(A) The worker has been provided a written no-  
4           tice that the worker will be recalled by the firm from  
5           which the qualifying separation occurred and that  
6           such recall will occur within 6 months of the quali-  
7           fying separation.

8           “(B) The worker is within 2 years of meeting all  
9           requirements for entitlement to old-age insurance ben-  
10          efits under title II of the Social Security Act (42  
11          U.S.C. 401 et seq.) (except for application therefore)  
12          as of the date of the most recent separation of the  
13          worker that meets the requirements of subsection  
14          (a)(1) and (2).

15          “(C) The worker is unable to participate in  
16          training due to the health of the worker, except that  
17          a waiver under this subparagraph shall not be con-  
18          strued to exempt a worker from requirements relating  
19          to the availability for work, active search for work, or  
20          refusal to accept work under Federal or State unem-  
21          ployment compensation laws.

22          “(D) The first available enrollment date for the  
23          approved training of the worker is within 45 days  
24          after the date of the determination made under this  
25          paragraph, or, if later, there are extenuating cir-



1        *cumstances for the delay in enrollment, as determined*  
2        *pursuant to guidelines issued by the Secretary.*

3            *“(E) There are insufficient funds available for*  
4        *training under this chapter, and funds are not avail-*  
5        *able for the approved training under other Federal*  
6        *law.*

7            *“(2) The Secretary shall specify the duration of the*  
8        *waiver under paragraph (1) and shall periodically review*  
9        *the waiver to determine whether the basis for issuing the*  
10       *waiver remains applicable. If at any time the Secretary de-*  
11       *termines such basis is no longer applicable to the worker,*  
12       *the Secretary shall revoke the waiver.*

13           *“(3) Pursuant to the agreement under section 239, the*  
14        *Secretary may authorize a cooperating State or State agen-*  
15        *cy to carry out activities described in paragraph (1) (except*  
16        *for the determination under subparagraph (E) of para-*  
17        *graph (1)). Such agreement shall include a requirement*  
18        *that the State or State agency maintain and make available*  
19        *to the Secretary the written statements provided pursuant*  
20        *to paragraph (1) and a statement of the reasons for the*  
21        *waiver.*

22           *“(4) The Secretary shall collect and maintain informa-*  
23        *tion identifying the number of workers who received waivers*  
24        *and the average duration of such waivers issued under this*  
25        *subsection during the preceding year.”.*

1       (b) *CONFORMING AMENDMENT.*—Section 231(a)(5)(C)  
 2   of such Act (19 U.S.C. 2291(a)(5)(C)) is amended by strik-  
 3   ing “certified”.

4   **SEC. 116. AMENDMENTS TO LIMITATIONS ON TRADE READ-**  
 5                               **JUSTMENT ALLOWANCES.**

6       (a) *INCREASE IN MAXIMUM NUMBER OF WEEKS.*—  
 7   Section 233(a) of the Trade Act of 1974 (19 U.S.C. 2293(a))  
 8   is amended—

9               (1) in paragraph (2), by inserting after “104-  
 10   week period” the following: “(or, in the case of an ad-  
 11   versely affected worker who requires a program of re-  
 12   medial education (as described in section  
 13   236(a)(5)(D)) in order to complete training approved  
 14   for the worker under section 236, the 130-week pe-  
 15   riod)”; and

16              (2) in paragraph (3), by striking “26” each  
 17   place it appears and inserting “52”.

18       (b) *SPECIAL RULE RELATING TO BREAK IN TRAIN-*  
 19   *ING.*—Section 233(f) of the Trade Act of 1974 (19 U.S.C.  
 20   2293(f)) is amended in the matter preceding paragraph (1)  
 21   by striking “14 days” and inserting “30 days”.

22       (c) *ADDITIONAL WEEKS FOR INDIVIDUALS IN NEED OF*  
 23   *REMEDIAL EDUCATION.*—Section 233 of the Trade Act of  
 24   1974 (19 U.S.C. 2293) is amended by adding at the end  
 25   the following:

1       “(g) Notwithstanding any other provision of this sec-  
 2       tion, in order to assist an adversely affected worker to com-  
 3       plete training approved for the worker under section 236  
 4       which includes a program of remedial education (as de-  
 5       scribed in section 236(a)(5)(D)), and in accordance with  
 6       regulations prescribed by the Secretary, payments may be  
 7       made as trade readjustment allowances for up to 26 addi-  
 8       tional weeks in the 26-week period that follows the last week  
 9       of entitlement to trade readjustment allowances otherwise  
 10      payable under this chapter.”.

11   **SEC. 117. ANNUAL TOTAL AMOUNT OF PAYMENTS FOR**  
 12                                   **TRAINING.**

13       Section 236(a)(2)(A) of the Trade Act of 1974 (19  
 14   U.S.C. 2296(a)(2)(A)) is amended by striking  
 15   “\$80,000,000” and all that follows through “\$70,000,000”  
 16   and inserting “\$110,000,000”.

17   **SEC. 118. AUTHORITY OF STATES WITH RESPECT TO COSTS**  
 18                                   **OF APPROVED TRAINING AND SUPPLE-**  
 19                                   **MENTAL ASSISTANCE.**

20       (a) **COSTS OF APPROVED TRAINING.**—Section 236(a)  
 21   of the Trade Act of 1974 (19 U.S.C. 2296(a)) is amended  
 22   by adding at the end the following new paragraph:

23       “(10) For purposes of carrying out paragraph (1)(F),  
 24   the Secretary shall authorize any cooperating State or State  
 25   agency to establish, pursuant to guidelines issued by the

1 *Secretary, a uniform limit on the cost of training to be paid*  
 2 *from funds provided under this chapter that may be ap-*  
 3 *proved by such State for an adversely affected worker under*  
 4 *this section.”.*

5 (b) *SUPPLEMENTAL ASSISTANCE.—Section 236(b) of*  
 6 *such Act (19 U.S.C. 2296(b)) is amended by inserting the*  
 7 *following sentence after the first sentence: “The Secretary*  
 8 *shall authorize any cooperating State or State agency to*  
 9 *take into account the cost of the training approved for an*  
 10 *adversely affected worker under subsection (a) in deter-*  
 11 *mining the appropriate amount of supplemental assistance*  
 12 *to be provided to such worker under this subsection.”.*

13 **SEC. 119. PROVISION OF EMPLOYER-BASED TRAINING.**

14 (a) *IN GENERAL.—Section 236(a)(5)(A) of the Trade*  
 15 *Act of 1974 (19 U.S.C. 2296(a)(5)(A)) is amended to read*  
 16 *as follows:*

17 “(A) *employer-based training, including—*

18 “(i) *on-the-job training, and*

19 “(ii) *customized training.”.*

20 (b) *REIMBURSEMENT.—Section 236(c)(8) of such Act*  
 21 *(19 U.S.C. 2296(c)(8)) is amended to read as follows:*

22 “(8) *the employer is provided reimbursement of*  
 23 *not more than 50 percent of the wage rate of the par-*  
 24 *ticipant, for the cost of providing the training and*  
 25 *additional supervision related to the training.”.*

1       (c) *DEFINITION.*—Section 236 of such Act (19 U.S.C.  
2 2296) is amended by adding the following new subsection:

3       “(f) For purposes of this section, the term ‘customized  
4 training’ means training that is—

5               “(1) designed to meet the special requirements of  
6 an employer or group of employers;

7               “(2) conducted with a commitment by the em-  
8 ployer or group of employers to employ an individual  
9 upon successful completion of the training; and

10              “(3) for which the employer pays for a signifi-  
11 cant portion (but in no case less than 50 percent) of  
12 the cost of such training, as determined by the Sec-  
13 retary.”.

14 **SEC. 120. COORDINATION WITH TITLE I OF THE WORK-**  
15 **FORCE INVESTMENT ACT OF 1998.**

16       (a) *COORDINATION WITH ONE-STOP DELIVERY SYS-*  
17 *TEMS IN THE PROVISION OF EMPLOYMENT SERVICES.*—  
18 Section 235 of the Trade Act of 1974 (19 U.S.C. 2295) is  
19 amended by inserting before the period at the end of the  
20 first sentence the following: “, including the services pro-  
21 vided through one-stop delivery systems described in section  
22 134(c) of the Workforce Investment Act of 1998 (29 U.S.C.  
23 2864(c))”.

24       (b) *COORDINATION WITH TITLE I OF THE WORK-*  
25 *FORCE INVESTMENT ACT OF 1998.*—

1           (1) *IN GENERAL.*—Section 239(e) of such Act (19  
2       U.S.C. 2311(e)) is amended to read as follows:

3       “(e) *Any agreement entered into under this section*  
4 *shall provide for the coordination of the administration of*  
5 *the provisions for employment services, training, and sup-*  
6 *plemental assistance under sections 235 and 236 of this*  
7 *chapter with provisions relating to dislocated worker em-*  
8 *ployment and training activities (including supportive*  
9 *services) under chapter 5 of subtitle B of title I of the Work-*  
10 *force Investment Act of 1998 (29 U.S.C. 2861 et seq.) upon*  
11 *such terms and conditions, as established by the Secretary*  
12 *after consultation with the States, that are consistent with*  
13 *this section. Such terms and conditions shall, at a min-*  
14 *imum, include requirements that—*

15           “(1) *adversely affected workers applying for as-*  
16 *sistance under this chapter be co-enrolled in the dis-*  
17 *located worker program authorized under chapter 5 of*  
18 *subtitle B of title I of the Workforce Investment Act*  
19 *of 1998;*

20           “(2) *training under section 236 shall be provided*  
21 *in accordance with the provisions relating to con-*  
22 *sumer choice requirements and the use of individual*  
23 *training accounts under subparagraphs (F) and (G)*  
24 *of section 134(d)(4) of the Workforce Investment Act*

1 of 1998 (29 U.S.C. 2864(d)(4)(F) and (G)),  
 2 including—

3 “(A) the requirement that only providers el-  
 4 igible under section 122 of the Workforce Invest-  
 5 ment Act of 1998 (29 U.S.C. 2842) shall be eligi-  
 6 ble to provide training; and

7 “(B) that the exceptions to the use of indi-  
 8 vidual training accounts described in section  
 9 134(d)(4)(G)(ii) of such Act (29 U.S.C.  
 10 2864(d)(4)(G)(ii)) shall be applicable; and

11 “(3) common reporting systems and elements, in-  
 12 cluding common elements relating to participant and  
 13 performance data, shall be used by the program au-  
 14 thorized under this chapter and the dislocated worker  
 15 program authorized under chapter 5 of subtitle B of  
 16 title I of such Act.”.

17 (2) *ADDITIONAL REQUIREMENT.*—Section 239(g)  
 18 of such Act (19 U.S.C. 2311(g)) is amended—

19 (A) by inserting “(1)” after “(g)”; and

20 (B) by adding at the end the following new  
 21 paragraph:

22 “(2) The agreement under this section shall also pro-  
 23 vide that the cooperating State agency shall be a one-stop  
 24 partner as described in subparagraphs (A) and (B)(viii)  
 25 of section 121(b)(1) of the Workforce Investment Act of 1998

1 (29 U.S.C. 2841(b)(1)(A) and (B)(viii)) in the one-stop de-  
 2 livery system established under section 134(c) of such Act  
 3 (29 U.S.C. 2864(c)) for the appropriate local workforce in-  
 4 vestment areas, and shall carry out the responsibilities re-  
 5 lating to such partners.”.

6 (3) CONFORMING AMENDMENTS.—Section  
 7 236(a)(1) of such Act (19 U.S.C. 2296(a)(1)) is  
 8 amended—

9 (A) in the matter preceding subparagraph  
 10 (A), by inserting “, pursuant to an interview,  
 11 evaluation, assessment, or case management of  
 12 the worker,” after “Secretary determines”; and

13 (B) in the second sentence of such para-  
 14 graph, by striking “, directly or through a  
 15 voucher system” and inserting “through indi-  
 16 vidual training accounts pursuant to the agree-  
 17 ment under section 239(e)(2)”.

18 **SEC. 121. EXPENDITURE PERIOD.**

19 Section 245 of the Trade Act of 1974 (19 U.S.C. 2317),  
 20 as amended by section 111(a) of this Act, is further  
 21 amended—

22 (1) by striking “There are authorized” and in-  
 23 serting “(a) IN GENERAL.—There are authorized”;  
 24 and

25 (2) by adding at the end the following subsection:



1       “(b) *PERIOD OF EXPENDITURE.*—Funds obligated for  
 2   any fiscal year to carry out activities under sections 235  
 3   through 238 may be expended by each State receiving such  
 4   funds during that fiscal year and the succeeding two fiscal  
 5   years.”.

6   **SEC. 122. DECLARATION OF POLICY; SENSE OF CONGRESS.**

7       (a) *DECLARATION OF POLICY.*—Congress reiterates  
 8   that, under the trade adjustment assistance program under  
 9   chapter 2 of title II of the Trade Act of 1974, workers are  
 10   eligible for transportation, childcare, and healthcare assist-  
 11   ance, as well as other related assistance under programs  
 12   administered by the Department of Labor.

13       (b) *SENSE OF CONGRESS.*—It is the sense of Congress  
 14   that the Secretary of Labor, working independently and in  
 15   conjunction with the States, should, in accordance with sec-  
 16   tion 225 of the Trade Act of 1974, provide more specific  
 17   information about benefit allowances, training, and other  
 18   employment services, and the petition and application pro-  
 19   cedures (including appropriate filing dates) for such allow-  
 20   ances, training, and services, under the trade adjustment  
 21   assistance program under chapter 2 of title II of the Trade  
 22   Act of 1974 to workers who are applying for, or are certified  
 23   to receive, assistance under that program, including infor-  
 24   mation on all other Federal assistance available to such  
 25   workers.

1 **TITLE II—CREDIT FOR HEALTH**  
 2 **INSURANCE COSTS OF ELIGI-**  
 3 **BLE INDIVIDUALS**

4 **SEC. 201. CREDIT FOR HEALTH INSURANCE COSTS OF INDIV-**  
 5 **VIDUALS RECEIVING A TRADE READJUST-**  
 6 **MENT ALLOWANCE OR A BENEFIT FROM THE**  
 7 **PENSION BENEFIT GUARANTY CORPORATION.**

8 *(a) IN GENERAL.—Subpart C of part IV of subchapter*  
 9 *A of chapter 1 of the Internal Revenue Code of 1986 (relat-*  
 10 *ing to refundable credits) is amended by redesignating sec-*  
 11 *tion 35 as section 36 and inserting after section 34 the fol-*  
 12 *lowing new section:*

13 **“SEC. 35. HEALTH INSURANCE COSTS OF ELIGIBLE INDIVID-**  
 14 **UALS.**

15 *“(a) IN GENERAL.—In the case of an individual, there*  
 16 *shall be allowed as a credit against the tax imposed by sub-*  
 17 *title A an amount equal to 60 percent of the amount paid*  
 18 *by the taxpayer for coverage of the taxpayer and qualifying*  
 19 *family members under qualified health insurance for eligi-*  
 20 *ble coverage months beginning in the taxable year.*

21 *“(b) LIMITATION BASED ON MODIFIED ADJUSTED*  
 22 *GROSS INCOME.—For purposes of this section—*

23 *“(1) IN GENERAL.—Except as provided in para-*  
 24 *graph (2), if the modified adjusted gross income of the*  
 25 *taxpayer for the taxable year exceeds \$20,000, the*

1        *amount which would (but for this subsection and sub-*  
 2        *section (h)(1)) be allowed as a credit under subsection*  
 3        *(a) shall be reduced (but not below zero) by the*  
 4        *amount which bears the same ratio to the amount*  
 5        *which would be so allowed as such excess bears to*  
 6        *\$20,000.*

7            *“(2) FAMILY COVERAGE.—*

8            *“(A) SEPARATE APPLICATION OF LIMITA-*  
 9            *TION.—Paragraph (1) shall be applied sepa-*  
 10          *rately with respect to—*

11            *“(i) amounts paid for eligible coverage*  
 12            *months as of the first day of which one or*  
 13            *more qualifying family members are covered*  
 14            *by the qualified health insurance covering*  
 15            *the taxpayer, and*

16            *“(ii) amounts paid for other eligible*  
 17            *coverage months.*

18            *“(B) LIMITATION AMOUNT.—With respect to*  
 19            *amounts described in subparagraph (A)(i), para-*  
 20            *graph (1) shall be applied by substituting*  
 21            *‘\$40,000’ for ‘\$20,000’ each place it appears.*

22            *“(3) MODIFIED ADJUSTED GROSS INCOME.—The*  
 23            *term ‘modified adjusted gross income’ means adjusted*  
 24            *gross income determined without regard to sections*  
 25            *911, 931, and 933.*

1       “(c) *ELIGIBLE COVERAGE MONTH.*—For purposes of  
2 *this section—*

3               “(1) *IN GENERAL.*—The term ‘eligible coverage  
4 *month’ means any month if—*

5                       “(A) *as of the first day of such month, the*  
6 *taxpayer—*

7                               “(i) *is an eligible individual,*

8                               “(ii) *is covered by qualified health in-*  
9 *surance, the premium for which is paid by*  
10 *the taxpayer, and*

11                              “(iii) *does not have other specified cov-*  
12 *erage,*

13                       “(B) *such month begins more than 90 days*  
14 *after the date of the enactment of the Trade Act*  
15 *of 2002, and*

16                       “(C) *in the case of any eligible TAA recipi-*  
17 *ent, such month is designated under paragraph*  
18 *(2).*

19       “(2) *DESIGNATION OF ELIGIBLE COVERAGE*  
20 *MONTHS.*—Any eligible TAA recipient may designate,  
21 *with respect to any period of 36 months, not more*  
22 *than 12 months of such period as eligible coverage*  
23 *months.*

24       “(3) *JOINT RETURNS.*—In the case of a joint re-  
25 *turn, the requirements of paragraph (1)(A) shall be*

1       *treated as met with respect to any month if at least*  
 2       *1 spouse satisfies such requirements.*

3       “(d) *ELIGIBLE INDIVIDUAL.*—*For purposes of this*  
 4 *section—*

5               “(1) *IN GENERAL.*—*The term ‘eligible indi-*  
 6 *vidual’ means—*

7                       “(A) *an eligible TAA recipient, or*

8                       “(B) *an eligible PBGC pension recipient.*

9               “(2) *ELIGIBLE TAA RECIPIENT.*—*The term ‘eligi-*  
 10 *ble TAA recipient’ means, with respect to any month,*  
 11 *any individual—*

12                       “(A) *who is receiving for any day of such*  
 13 *month a trade readjustment allowance under*  
 14 *part I of subchapter B, or subchapter D, of chap-*  
 15 *ter 2 of title II of the Trade Act of 1974 (19*  
 16 *U.S.C. 2291 et seq. or 2331 et seq.) or who would*  
 17 *be eligible to receive such allowance if section*  
 18 *231 of such Act (19 U.S.C. 2291) were applied*  
 19 *without regard to subsection (a)(3)(B) of such*  
 20 *section, and*

21                       “(B) *who, with respect to such allowance, is*  
 22 *covered under a certification issued—*

23                               “(i) *under subchapter A or D of chap-*  
 24 *ter 2 of title II of the Trade Act of 1974 (19*  
 25 *U.S.C. 2271 et seq. or 2331 et seq.), and*

1                   “(ii) after the date which is 90 days  
2                   after the date of the enactment of the Trade  
3                   Act of 2002.

4                   *An individual shall continue to be treated as an eligi-*  
5                   *ble TAA recipient during the first month that such*  
6                   *individual would otherwise cease to be an eligible*  
7                   *TAA recipient.*

8                   “(3) *ELIGIBLE PBGC PENSION RECIPIENT.*—*The*  
9                   *term ‘eligible PBGC pension recipient’ means, with*  
10                  *respect to any month, any individual who—*

11                  “(A) *has attained age 55 as of the first day*  
12                  *of such month, and*

13                  “(B) *is receiving a benefit for such month*  
14                  *any portion of which is paid by the Pension*  
15                  *Benefit Guaranty Corporation under title IV of*  
16                  *the Employee Retirement Income Security Act of*  
17                  *1974.*

18                  “(e) *QUALIFYING FAMILY MEMBER.*—*For purposes of*  
19                  *this section—*

20                  “(1) *IN GENERAL.*—*The term ‘qualifying family*  
21                  *member’ means—*

22                  “(A) *the taxpayer’s spouse, and*

23                  “(B) *any dependent of the taxpayer with re-*  
24                  *spect to whom the taxpayer is entitled to a de-*  
25                  *duction under section 151(c).*

1       *Such term does not include any individual who has*  
 2       *other specified coverage.*

3               “(2) *SPECIAL DEPENDENCY TEST IN CASE OF DI-*  
 4       *VORCED PARENTS, ETC.—If paragraph (2) or (4) of*  
 5       *section 152(e) applies to any child with respect to*  
 6       *any calendar year, in the case of any taxable year be-*  
 7       *ginning in such calendar year, such child shall be*  
 8       *treated as described in paragraph (1)(B) with respect*  
 9       *to the custodial parent (within the meaning of section*  
 10       *152(e)(1)) and not with respect to the noncustodial*  
 11       *parent.*

12              “(f) *QUALIFIED HEALTH INSURANCE.—For purposes*  
 13       *of this section, the term ‘qualified health insurance’ means*  
 14       *insurance which constitutes medical care; except that such*  
 15       *term shall not include any insurance if substantially all*  
 16       *of its coverage is of excepted benefits described in section*  
 17       *9832(c).*

18              “(g) *OTHER SPECIFIED COVERAGE.—*

19                      “(1) *IN GENERAL.—For purposes of this section,*  
 20       *an individual has other specified coverage for any*  
 21       *month if, as of the first day of such month—*

22                              “(A) *SUBSIDIZED COVERAGE.—Such indi-*  
 23       *vidual is covered under any qualified health in-*  
 24       *surance under any health plan maintained by*  
 25       *any employer (or former employer) of the tax-*

1        *payer or the taxpayer’s spouse and at least 50*  
 2        *percent of the cost of such coverage (determined*  
 3        *under section 4980B) is paid or incurred by the*  
 4        *employer.*

5                *“(B) COVERAGE UNDER MEDICARE, MED-*  
 6                *ICAID, OR SCHIP.—Such individual—*

7                        *“(i) is entitled to benefits under part A*  
 8                        *of title XVIII of the Social Security Act or*  
 9                        *is enrolled under part B of such title, or*

10                      *“(ii) is enrolled in the program under*  
 11                      *title XIX or XXI of such Act.*

12                *“(C) CERTAIN OTHER COVERAGE.—Such*  
 13                *individual—*

14                      *“(i) is enrolled in a health benefits*  
 15                      *plan under chapter 89 of title 5, United*  
 16                      *States Code, or*

17                      *“(ii) is entitled to receive benefits*  
 18                      *under chapter 55 of title 10, United States*  
 19                      *Code.*

20                *“(2) SPECIAL RULES RELATED TO SUBSIDIZED*  
 21                *COVERAGE.—*

22                      *“(A) EMPLOYER CONTRIBUTIONS TO CAFETERIA PLANS,*  
 23                      *FLEXIBLE SPENDING ARRANGEMENTS, AND MEDICAL SAVINGS ACCOUNTS.—Em-*  
 24                      *ployer contributions to a cafeteria plan (as de-*  
 25



1        *fined in section 125(d)), a flexible spending or*  
 2        *similar arrangement, or a medical savings ac-*  
 3        *count which are excluded from gross income*  
 4        *under section 106 shall be treated for purposes of*  
 5        *paragraph (1)(A) as paid by the employer.*

6                *“(B) AGGREGATION OF PLANS OF EM-*  
 7        *PLOYER.—A health plan which is not otherwise*  
 8        *described in paragraph (1)(A) shall be treated as*  
 9        *described in such paragraph if such plan would*  
 10        *be so described if all health plans of persons*  
 11        *treated as a single employer under subsection*  
 12        *(b), (c), (m), or (o) of section 414 were treated*  
 13        *as one health plan.*

14                *“(3) IMMUNIZATIONS NOT TREATED AS MEDICAID*  
 15        *COVERAGE.—For purposes of paragraph (1)(B), an*  
 16        *individual shall not be treated as enrolled in the pro-*  
 17        *gram under title XIX of the Social Security Act solely*  
 18        *on the basis of receiving a benefit under section 1928*  
 19        *of such Act.*

20                *“(h) SPECIAL RULES.—*

21                *“(1) COORDINATION WITH ADVANCE PAYMENTS*  
 22        *OF CREDIT.—With respect to any taxable year, the*  
 23        *amount which would (but for this subsection) be al-*  
 24        *lowed as a credit to the taxpayer under subsection (a)*  
 25        *shall be reduced (but not below zero) by the aggregate*

1        *amount paid on behalf of such taxpayer under section*  
 2        *7527 for months beginning in such taxable year.*

3            “(2) *COORDINATION WITH OTHER DEDUC-*  
 4        *TIONS.—Amounts taken into account under subsection*  
 5        *(a) shall not be taken into account in determining*  
 6        *any deduction allowed under section 162(l) or 213.*

7            “(3) *MSA DISTRIBUTIONS.—Amounts distributed*  
 8        *from an Archer MSA (as defined in section 220(d))*  
 9        *shall not be taken into account under subsection (a).*

10          “(4) *DENIAL OF CREDIT TO DEPENDENTS.—No*  
 11        *credit shall be allowed under this section to any indi-*  
 12        *vidual with respect to whom a deduction under sec-*  
 13        *tion 151 is allowable to another taxpayer for a tax-*  
 14        *able year beginning in the calendar year in which*  
 15        *such individual’s taxable year begins.*

16          “(5) *MARRIED COUPLES MUST FILE JOINT RE-*  
 17        *TURN.—If the taxpayer is married at the close of the*  
 18        *taxable year, the credit shall be allowed under sub-*  
 19        *section (a) only if the taxpayer and his spouse file a*  
 20        *joint return for the taxable year.*

21          “(6) *MARITAL STATUS; CERTAIN MARRIED INDIVIDUALS*  
 22        *LIVING APART.—Rules similar to the rules of*  
 23        *paragraphs (3) and (4) of section 21(e) shall apply*  
 24        *for purposes of this section.*

1           “(7) *INSURANCE WHICH COVERS OTHER INDIVID-*  
 2           *UALS.—For purposes of this section, rules similar to*  
 3           *the rules of section 213(d)(6) shall apply with respect*  
 4           *to any contract for qualified health insurance under*  
 5           *which amounts are payable for coverage of an indi-*  
 6           *vidual other than the taxpayer and qualifying family*  
 7           *members.*

8           “(8) *TREATMENT OF PAYMENTS.—For purposes*  
 9           *of this section—*

10           “(A) *PAYMENTS BY SECRETARY.—Payments*  
 11           *made by the Secretary on behalf of any indi-*  
 12           *vidual under section 7527 (relating to advance*  
 13           *payment of credit for health insurance costs of*  
 14           *eligible TAA recipients) shall be treated as hav-*  
 15           *ing been made by the taxpayer on the first day*  
 16           *of the month for which such payment was made.*

17           “(B) *PAYMENTS BY TAXPAYER.—Payments*  
 18           *made by the taxpayer for eligible coverage*  
 19           *months shall be treated as having been made by*  
 20           *the taxpayer on the first day of the month for*  
 21           *which such payment was made.*

22           “(9) *REGULATIONS.—The Secretary may pre-*  
 23           *scribe such regulations and other guidance as may be*  
 24           *necessary or appropriate to carry out this section,*  
 25           *section 6050T, and section 7527.”.*

1       ***(b) INCREASED ACCESS TO HEALTH INSURANCE FOR***  
 2       ***INDIVIDUALS ELIGIBLE FOR TAX CREDIT THROUGH USE***  
 3       ***OF GUARANTEED ISSUE, QUALIFIED HIGH RISK POOLS,***  
 4       ***AND OTHER APPROPRIATE STATE MECHANISMS.—***

5               ***(1) IN GENERAL.—****Notwithstanding any other*  
 6       *provision of law, in applying section 2741 of the Pub-*  
 7       *lic Health Service Act (42 U.S.C. 300gg–41)) and*  
 8       *any alternative State mechanism under section 2744*  
 9       *of such Act (42 U.S.C.300gg–44)), in determining*  
 10       *who is an eligible individual (as defined in section*  
 11       *2741(b) of such Act) in the case of an individual who*  
 12       *may be covered by insurance for which credit is al-*  
 13       *lowable under section 35 of the Internal Revenue Code*  
 14       *of 1986 for an eligible coverage month, if the indi-*  
 15       *vidual seeks to obtain health insurance coverage under*  
 16       *such section during an eligible coverage month under*  
 17       *such section—*

18               ***(A) paragraph (1) of such section 2741(b)***  
 19       *shall be applied as if any reference to 18 months*  
 20       *is deemed a reference to 12 months, and*

21               ***(B) paragraphs (4) and (5) of such section***  
 22       *2741(b) shall not apply.*

23               ***(2) PROMOTION OF STATE HIGH RISK POOLS.—***  
 24       ***Title XXVII of the Public Health Service Act is***

1        *amended by inserting after section 2744 the following*  
 2        *new section:*

3        **“SEC. 2745. PROMOTION OF QUALIFIED HIGH RISK POOLS.**

4        *“(a) SEED GRANTS TO STATES.—The Secretary shall*  
 5        *provide from the funds appropriated under subsection (c)(1)*  
 6        *a grant of up to \$1,000,000 to each State that has not cre-*  
 7        *ated a qualified high risk pool as of the date of the enact-*  
 8        *ment of this section for the State’s costs of creation and*  
 9        *initial operation of such a pool.*

10       *“(b) MATCHING FUNDS FOR OPERATION OF POOLS.—*

11       *“(1) IN GENERAL.—In the case of a State that*  
 12       *has established a qualified high risk pool that—*

13       *“(A) restricts premiums charged under the*  
 14       *pool to no more than 150 percent of the premium*  
 15       *for applicable standard risk rates;*

16       *“(B) that offers a choice of two or more cov-*  
 17       *erage options through the pool; and*

18       *“(C) has in effect a mechanism reasonably*  
 19       *designed to ensure continued funding of losses in-*  
 20       *curred by the State after the end of fiscal year*  
 21       *2004 in connection with operation of the pool;*

22       *the Secretary shall provide, from the funds appro-*  
 23       *priated under subsection (c)(2) and allotted to the*  
 24       *State under paragraph (2), a grant of up to 50 per-*

1        *cent of the losses incurred by the State in connection*  
 2        *with the operation of the pool.*

3            “(2) *ALLOTMENT.—The amounts appropriated*  
 4        *under subsection (c)(2) for a fiscal year shall be made*  
 5        *available to the States in accordance with a formula*  
 6        *that is based upon the number of uninsured individ-*  
 7        *uals in the States.*

8            “(3) *CONSTRUCTION.—Nothing in this subsection*  
 9        *shall be construed as preventing a State from*  
 10       *supplementing the funds made available under this*  
 11       *subsection for the support and operation of qualified*  
 12       *high risk pools.*

13          “(c) *FUNDING.—Out of any money in the Treasury of*  
 14       *the United States not otherwise appropriated, there are*  
 15       *appropriated—*

16            “(1) *\$20,000,000 for fiscal year 2003 to carry*  
 17        *out subsection (a); and*

18            “(2) *\$40,000,000 for each of fiscal years 2003*  
 19        *and 2004.*

20        *Funds appropriated under this subsection for a fiscal year*  
 21        *shall remain available for obligation through the end of the*  
 22        *following fiscal year. Nothing in this section shall be con-*  
 23        *strued as providing a State with an entitlement to a grant*  
 24        *under this section.*

1       “(d) *QUALIFIED HIGH RISK POOL AND STATE DE-*  
 2 *FINED.*—For purposes of this section, the term ‘qualified  
 3 *high risk pool*’ has the meaning given such term in section  
 4 *2744(c)(2)* and the term ‘State’ means any of the 50 States  
 5 *and the District of Columbia.*”.

6           (3) *CONSTRUCTION.*—Nothing in this subsection  
 7 *shall be construed as affecting the ability of a State*  
 8 *to use mechanisms, described in sections 2741(c) and*  
 9 *2744 of the Public Health Service Act, as an alter-*  
 10 *native to applying the guaranteed availability provi-*  
 11 *sions of section 2741(a) of such Act.*

12       (c) *CONFORMING AMENDMENTS.*—

13           (1) *Paragraph (2) of section 1324(b) of title 31,*  
 14 *United States Code, is amended by inserting before*  
 15 *the period “, or from section 35 of such Code”.*

16           (2) *The table of sections for subpart C of part IV*  
 17 *of chapter 1 of the Internal Revenue Code of 1986 is*  
 18 *amended by striking the last item and inserting the*  
 19 *following new items:*

*“Sec. 35. Health insurance costs of eligible individuals.*  
*“Sec. 36. Overpayments of tax.”.*

20       (d) *EFFECTIVE DATE.*—The amendments made by this  
 21 *section shall apply to taxable years beginning after Decem-*  
 22 *ber 31, 2001.*

1 **SEC. 202. ADVANCE PAYMENT OF CREDIT FOR HEALTH IN-**  
 2 **SURANCE COSTS OF ELIGIBLE INDIVIDUALS.**

3 (a) *IN GENERAL.*—Chapter 77 of the Internal Revenue  
 4 Code of 1986 (relating to miscellaneous provisions) is  
 5 amended by adding at the end the following new section:

6 **“SEC. 7527. ADVANCE PAYMENT OF CREDIT FOR HEALTH IN-**  
 7 **SURANCE COSTS OF ELIGIBLE INDIVIDUALS.**

8 “(a) *GENERAL RULE.*—Not later than July 1, 2003,  
 9 the Secretary shall establish a program for making pay-  
 10 ments on behalf of certified individuals to providers of  
 11 qualified health insurance (as defined in section 35(f)) for  
 12 such individuals.

13 “(b) *LIMITATION ON ADVANCE PAYMENTS DURING ANY*  
 14 *TAXABLE YEAR.*—

15 “(1) *IN GENERAL.*—The Secretary may make  
 16 payments under subsection (a) only to the extent that  
 17 the total amount of such payments made on behalf of  
 18 any individual during the taxable year does not ex-  
 19 ceed such individual’s advance payment limitation  
 20 amount for such year.

21 “(2) *ADVANCE PAYMENT LIMITATION AMOUNT.*—

22 “(A) *IN GENERAL.*—Except as provided in  
 23 subparagraph (B), with respect to any certified  
 24 individual, the advance payment limitation  
 25 amount for any taxable year shall be an amount  
 26 equal to the amount that such individual would



1           *be allowed as a credit under section 35 for such*  
 2           *taxable year if such individual's modified ad-*  
 3           *justed gross income (as defined in section*  
 4           *35(b)(3)) for such taxable year were an amount*  
 5           *equal to the amount of such individual's modi-*  
 6           *fied adjusted gross income shown on the return*  
 7           *for the prior taxable year.*

8           “(B) *SUBSTITUTE AMOUNT.*—*For purposes*  
 9           *of this section, the Secretary may substitute an*  
 10           *amount for an individual's advance payment*  
 11           *limitation amount for any taxable year if the*  
 12           *Secretary determines that such substitute*  
 13           *amount more accurately reflects such individ-*  
 14           *ual's modified adjusted gross income for such*  
 15           *taxable year.*

16           “(c) *CERTIFIED INDIVIDUAL.*—*For purposes of this*  
 17           *section, the term ‘certified individual’ means any indi-*  
 18           *vidual for whom a qualified health insurance costs credit*  
 19           *eligibility certificate is in effect.*

20           “(d) *QUALIFIED HEALTH INSURANCE COSTS CREDIT*  
 21           *ELIGIBILITY CERTIFICATE.*—*For purposes of this section,*  
 22           *a qualified health insurance costs credit eligibility certifi-*  
 23           *cate is a statement certified by the Secretary of Labor or*  
 24           *the Pension Benefit Guaranty Corporation (or by any other*  
 25           *person or entity designated by the Secretary) which—*

1           “(1) certifies that the individual was an eligible  
2           individual (within the meaning of section 35(d)) as  
3           of the first day of any month, and

4           “(2) provides such other information as the Sec-  
5           retary may require for purposes of this section.”.

6           **(b) DISCLOSURE OF RETURN INFORMATION FOR PUR-**  
7           **POSES OF CARRYING OUT A PROGRAM FOR ADVANCE PAY-**  
8           **MENT OF CREDIT FOR HEALTH INSURANCE COSTS OF ELI-**  
9           **GIBLE INDIVIDUALS.—**

10           **(1) IN GENERAL.—**Subsection (l) of section 6103  
11           of such Code (relating to disclosure of returns and re-  
12           turn information for purposes other than tax admin-  
13           istration) is amended by adding at the end the fol-  
14           lowing new paragraph:

15           **“(18) DISCLOSURE OF RETURN INFORMATION**  
16           **FOR PURPOSES OF CARRYING OUT A PROGRAM FOR**  
17           **ADVANCE PAYMENT OF CREDIT FOR HEALTH INSUR-**  
18           **ANCE COSTS OF ELIGIBLE INDIVIDUALS.—**The Sec-  
19           retary may disclose to providers of health insurance  
20           for any certified individual (as defined in section  
21           7527(c)) return information with respect to such cer-  
22           tified individual only to the extent necessary to carry  
23           out the program established by section 7527 (relating  
24           to advance payment of health insurance cost credit).”.

1           (2) *PROCEDURES AND RECORDKEEPING RE-*  
 2           *LATED TO DISCLOSURES.*—Subsection (p) of such sec-  
 3           *tion is amended—*

4                     (A) in paragraph (3)(A) by striking “or  
 5                     (17)” and inserting “(17), or (18)”, and

6                     (B) in paragraph (4) by inserting “or (17)”  
 7                     after “any other person described in subsection  
 8                     (l)(16)” each place it appears.

9           (3) *UNAUTHORIZED INSPECTION OF RETURNS OR*  
 10           *RETURN INFORMATION.*—Section 7213A(a)(1)(B) of  
 11           *such Code is amended by striking “section 6103(n)”*  
 12           *and inserting “subsection (l)(18) or (n) of section*  
 13           *6103”.*

14           (c) *INFORMATION REPORTING.*—

15                     (1) *IN GENERAL.*—Subpart B of part III of sub-  
 16                     chapter A of chapter 61 of the Internal Revenue Code  
 17                     of 1986 (relating to information concerning trans-  
 18                     actions with other persons) is amended by inserting  
 19                     after section 6050S the following new section:

20           **“SEC. 6050T. RETURNS RELATING TO CREDIT FOR HEALTH**  
 21                               **INSURANCE COSTS OF ELIGIBLE INDIVID-**  
 22                               **UALS.**

23                     “(a) *REQUIREMENT OF REPORTING.*—Every person  
 24                     who is entitled to receive payments for any month of any  
 25                     calendar year under section 7527 (relating to advance pay-

1 *ment of credit for health insurance costs of eligible individ-*  
 2 *uals) with respect to any certified individual (as defined*  
 3 *in section 7527(c)) shall, at such time as the Secretary may*  
 4 *prescribe, make the return described in subsection (b) with*  
 5 *respect to each such individual.*

6 “(b) *FORM AND MANNER OF RETURNS.*—A return is  
 7 *described in this subsection if such return—*

8 “(1) *is in such form as the Secretary may pre-*  
 9 *scribe, and*

10 “(2) *contains—*

11 “(A) *the name, address, and TIN of each*  
 12 *individual referred to in subsection (a),*

13 “(B) *the number of months for which*  
 14 *amounts were entitled to be received with respect*  
 15 *to such individual under section 7527 (relating*  
 16 *to advance payment of credit for health insur-*  
 17 *ance costs of eligible individuals),*

18 “(C) *the amount entitled to be received for*  
 19 *each such month, and*

20 “(D) *such other information as the Sec-*  
 21 *retary may prescribe.*

22 “(c) *STATEMENTS TO BE FURNISHED TO INDIVIDUALS*  
 23 *WITH RESPECT TO WHOM INFORMATION IS REQUIRED.*—  
 24 *Every person required to make a return under subsection*

1 (a) shall furnish to each individual whose name is required  
 2 to be set forth in such return a written statement showing—

3 “(1) the name and address of the person required  
 4 to make such return and the phone number of the in-  
 5 formation contact for such person, and

6 “(2) the information required to be shown on the  
 7 return with respect to such individual.

8 The written statement required under the preceding sen-  
 9 tence shall be furnished on or before January 31 of the year  
 10 following the calendar year for which the return under sub-  
 11 section (a) is required to be made.”.

12 (2) ASSESSABLE PENALTIES.—

13 (A) Subparagraph (B) of section 6724(d)(1)  
 14 of such Code (relating to definitions) is amended  
 15 by redesignating clauses (xi) through (xvii) as  
 16 clauses (xii) through (xviii), respectively, and by  
 17 inserting after clause (x) the following new  
 18 clause:

19 “(xi) section 6050T (relating to returns  
 20 relating to credit for health insurance costs  
 21 of eligible individuals),”.

22 (B) Paragraph (2) of section 6724(d) of  
 23 such Code is amended by striking “or” at the  
 24 end of subparagraph (Z), by striking the period  
 25 at the end of subparagraph (AA) and inserting

1           “, or”, and by adding after subparagraph (AA)  
 2           the following new subparagraph:

3                   “(BB) section 6050T (relating to returns re-  
 4           lating to credit for health insurance costs of eli-  
 5           gible individuals).”.

6           (d) *CLERICAL AMENDMENTS.*—

7                   (1) *ADVANCE PAYMENT.*—The table of sections  
 8           for chapter 77 of such Code is amended by adding at  
 9           the end the following new item:

                  “Sec. 7527. Advance payment of credit for health insurance costs  
                   of eligible individuals.”.

10                  (2) *INFORMATION REPORTING.*—The table of sec-  
 11           tions for subpart B of part III of subchapter A of  
 12           chapter 61 of such Code is amended by inserting after  
 13           the item relating to section 6050S the following new  
 14           item:

                  “Sec. 6050T. Returns relating to credit for health insurance costs  
                   of eligible individuals.”.

15                  (e) *EFFECTIVE DATE.*—The amendments made by this  
 16           section shall take effect on the date of the enactment of this  
 17           Act.

## 18                           **TITLE III—CUSTOMS** 19                           **REAUTHORIZATION**

20           **SEC. 301. SHORT TITLE.**

21           This Act may be cited as the “Customs Border Secu-  
 22           rity Act of 2002”.

1     ***Subtitle A—United States Customs***  
 2                     ***Service***

3     ***CHAPTER 1—DRUG ENFORCEMENT AND***  
 4         ***OTHER NONCOMMERCIAL AND COM-***  
 5         ***MERCIAL OPERATIONS***

6     ***SEC. 311. AUTHORIZATION OF APPROPRIATIONS FOR NON-***  
 7                     ***COMMERCIAL OPERATIONS, COMMERCIAL OP-***  
 8                     ***ERATIONS, AND AIR AND MARINE INTERDIC-***  
 9                     ***TION.***

10         *(a) NONCOMMERCIAL OPERATIONS.—Section 301(b)(1)*  
 11         *of the Customs Procedural Reform and Simplification Act*  
 12         *of 1978 (19 U.S.C. 2075(b)(1)) is amended—*

13             *(1) in subparagraph (A) to read as follows:*

14                     *“(A) \$899,121,000 for fiscal year 2002.”;*

15             *(2) in subparagraph (B) to read as follows:*

16                     *“(B) \$1,365,456,000 for fiscal year 2003.”;*

17             *and*

18             *(3) by adding at the end the following:*

19                     *“(C) \$1,399,592,400 for fiscal year 2004.”.*

20         ***(b) COMMERCIAL OPERATIONS.—***

21             ***(1) IN GENERAL.—Section 301(b)(2)(A) of the***  
 22         ***Customs Procedural Reform and Simplification Act***  
 23         ***of 1978 (19 U.S.C. 2075(b)(2)(A)) is amended—***

24             ***(A) in clause (i) to read as follows:***

25                     ***“(i) \$1,606,068,000 for fiscal year 2002.”;***

1                   (B) in clause (ii) to read as follows:

2                   “(ii) \$1,642,602,000 for fiscal year 2003.”;

3                   and

4                   (C) by adding at the end the following:

5                   “(iii) \$1,683,667,050 for fiscal year 2004.”.

6                   (2) *AUTOMATED COMMERCIAL ENVIRONMENT*  
 7                   *COMPUTER SYSTEM.*—Of the amount made available  
 8                   for each of fiscal years 2002 through 2004 under sec-  
 9                   tion 301(b)(2)(A) of the Customs Procedural Reform  
 10                  and Simplification Act of 1978 (19 U.S.C.  
 11                  2075(b)(2)(A)), as amended by paragraph (1),  
 12                  \$308,000,000 shall be available until expended for  
 13                  each such fiscal year for the development, establish-  
 14                  ment, and implementation of the Automated Commer-  
 15                  cial Environment computer system.

16                  (3) *REPORTS.*—Not later than 90 days after the  
 17                  date of the enactment of this Act, and not later than  
 18                  each subsequent 90-day period, the Commissioner of  
 19                  Customs shall prepare and submit to the Committee  
 20                  on Ways and Means of the House of Representatives  
 21                  and the Committee on Finance of the Senate a report  
 22                  demonstrating that the development and establish-  
 23                  ment of the Automated Commercial Environment  
 24                  computer system is being carried out in a cost-effec-  
 25                  tive manner and meets the modernization require-



1        *ments of title VI of the North American Free Trade*  
 2        *Agreement Implementation Act.*

3        (c) *AIR AND MARINE INTERDICTION.*—Section  
 4        *301(b)(3) of the Customs Procedural Reform and Sim-*  
 5        *plification Act of 1978 (19 U.S.C. 2075(b)(3)) is*  
 6        *amended—*

7                *(1) in subparagraph (A) to read as follows:*

8                        *“(A) \$177,860,000 for fiscal year 2002.”;*

9                *(2) in subparagraph (B) to read as follows:*

10                      *“(B) \$170,829,000 for fiscal year 2003.”;*

11                *and*

12                *(3) by adding at the end the following:*

13                      *“(C) \$175,099,725 for fiscal year 2004.”.*

14        (d) *SUBMISSION OF OUT-YEAR BUDGET PROJEC-*  
 15        *TIONS.*—Section 301(a) of the Customs Procedural Reform  
 16        *and Simplification Act of 1978 (19 U.S.C. 2075(a)) is*  
 17        *amended by adding at the end the following:*

18                *“(3) By not later than the date on which the President*  
 19        *submits to Congress the budget of the United States Govern-*  
 20        *ment for a fiscal year, the Commissioner of Customs shall*  
 21        *submit to the Committee on Ways and Means of the House*  
 22        *of Representatives and the Committee on Finance of the*  
 23        *Senate the projected amount of funds for the succeeding fis-*  
 24        *cal year that will be necessary for the operations of the Cus-*  
 25        *toms Service as provided for in subsection (b).”.*

1 **SEC. 312. ANTITERRORIST AND ILLICIT NARCOTICS DETEC-**  
 2 **TION EQUIPMENT FOR THE UNITED STATES-**  
 3 **MEXICO BORDER, UNITED STATES-CANADA**  
 4 **BORDER, AND FLORIDA AND THE GULF**  
 5 **COAST SEAPORTS.**

6 (a) *FISCAL YEAR 2002.*—Of the amounts made avail-  
 7 able for fiscal year 2002 under section 301(b)(1)(A) of the  
 8 Customs Procedural Reform and Simplification Act of 1978  
 9 (19 U.S.C. 2075(b)(1)(A)), as amended by section 311(a)  
 10 of this Act, \$90,244,000 shall be available until expended  
 11 for acquisition and other expenses associated with imple-  
 12 mentation and deployment of antiterrorist and illicit nar-  
 13 cotics detection equipment along the United States-Mexico  
 14 border, the United States-Canada border, and Florida and  
 15 the Gulf Coast seaports, as follows:

16 (1) *UNITED STATES-MEXICO BORDER.*—For the  
 17 United States-Mexico border, the following:

18 (A) \$6,000,000 for 8 Vehicle and Container  
 19 Inspection Systems (VACIS).

20 (B) \$11,200,000 for 5 mobile truck x-rays  
 21 with transmission and backscatter imaging.

22 (C) \$13,000,000 for the upgrade of 8 fixed-  
 23 site truck x-rays from the present energy level of  
 24 450,000 electron volts to 1,000,000 electron volts  
 25 (1-MeV).

26 (D) \$7,200,000 for 8 1-MeV pallet x-rays.

1           (E) \$1,000,000 for 200 portable contraband  
2           detectors (busters) to be distributed among ports  
3           where the current allocations are inadequate.

4           (F) \$600,000 for 50 contraband detection  
5           kits to be distributed among all southwest border  
6           ports based on traffic volume.

7           (G) \$500,000 for 25 ultrasonic container in-  
8           spection units to be distributed among all ports  
9           receiving liquid-filled cargo and to ports with a  
10          hazardous material inspection facility.

11          (H) \$2,450,000 for 7 automated targeting  
12          systems.

13          (I) \$360,000 for 30 rapid tire deflator sys-  
14          tems to be distributed to those ports where port  
15          runners are a threat.

16          (J) \$480,000 for 20 portable Treasury En-  
17          forcement Communications Systems (TECS) ter-  
18          minals to be moved among ports as needed.

19          (K) \$1,000,000 for 20 remote watch surveil-  
20          lance camera systems at ports where there are  
21          suspicious activities at loading docks, vehicle  
22          queues, secondary inspection lanes, or areas  
23          where visual surveillance or observation is ob-  
24          scured.

1           (L) \$1,254,000 for 57 weigh-in-motion sen-  
2           sors to be distributed among the ports with the  
3           greatest volume of outbound traffic.

4           (M) \$180,000 for 36 AM traffic information  
5           radio stations, with 1 station to be located at  
6           each border crossing.

7           (N) \$1,040,000 for 260 inbound vehicle  
8           counters to be installed at every inbound vehicle  
9           lane.

10          (O) \$950,000 for 38 spotter camera systems  
11          to counter the surveillance of customs inspection  
12          activities by persons outside the boundaries of  
13          ports where such surveillance activities are oc-  
14          curring.

15          (P) \$390,000 for 60 inbound commercial  
16          truck transponders to be distributed to all ports  
17          of entry.

18          (Q) \$1,600,000 for 40 narcotics vapor and  
19          particle detectors to be distributed to each border  
20          crossing.

21          (R) \$400,000 for license plate reader auto-  
22          matic targeting software to be installed at each  
23          port to target inbound vehicles.

24          (2) UNITED STATES-CANADA BORDER.—For the  
25          United States-Canada border, the following:

1                   (A) \$3,000,000 for 4 Vehicle and Container  
2                   Inspection Systems (VACIS).

3                   (B) \$8,800,000 for 4 mobile truck x-rays  
4                   with transmission and backscatter imaging.

5                   (C) \$3,600,000 for 4 1-MeV pallet x-rays.

6                   (D) \$250,000 for 50 portable contraband de-  
7                   tectors (busters) to be distributed among ports  
8                   where the current allocations are inadequate.

9                   (E) \$300,000 for 25 contraband detection  
10                  kits to be distributed among ports based on traf-  
11                  fic volume.

12                  (F) \$240,000 for 10 portable Treasury En-  
13                  forcement Communications Systems (TECS) ter-  
14                  minals to be moved among ports as needed.

15                  (G) \$400,000 for 10 narcotics vapor and  
16                  particle detectors to be distributed to each border  
17                  crossing based on traffic volume.

18                  (3) *FLORIDA AND GULF COAST SEAPORTS.*—For  
19                  Florida and the Gulf Coast seaports, the following:

20                   (A) \$4,500,000 for 6 Vehicle and Container  
21                   Inspection Systems (VACIS).

22                   (B) \$11,800,000 for 5 mobile truck x-rays  
23                   with transmission and backscatter imaging.

24                   (C) \$7,200,000 for 8 1-MeV pallet x-rays.

1                   (D) \$250,000 for 50 portable contraband de-  
 2                   tectors (busters) to be distributed among ports  
 3                   where the current allocations are inadequate.

4                   (E) \$300,000 for 25 contraband detection  
 5                   kits to be distributed among ports based on traf-  
 6                   fic volume.

7           (b) *FISCAL YEAR 2003.*—Of the amounts made avail-  
 8           able for fiscal year 2003 under section 301(b)(1)(B) of the  
 9           Customs Procedural Reform and Simplification Act of 1978  
 10          (19 U.S.C. 2075(b)(1)(B)), as amended by section 311(a)  
 11          of this Act, \$9,000,000 shall be available until expended for  
 12          the maintenance and support of the equipment and train-  
 13          ing of personnel to maintain and support the equipment  
 14          described in subsection (a).

15          (c) *ACQUISITION OF TECHNOLOGICALLY SUPERIOR*  
 16          *EQUIPMENT; TRANSFER OF FUNDS.*—

17               (1) *IN GENERAL.*—The Commissioner of Customs  
 18               may use amounts made available for fiscal year 2002  
 19               under section 301(b)(1)(A) of the Customs Procedural  
 20               Reform and Simplification Act of 1978 (19 U.S.C.  
 21               2075(b)(1)(A)), as amended by section 311(a) of this  
 22               Act, for the acquisition of equipment other than the  
 23               equipment described in subsection (a) if such other  
 24               equipment—

1           (A)(i) is technologically superior to the  
2           equipment described in subsection (a); and

3           (ii) will achieve at least the same results at  
4           a cost that is the same or less than the equip-  
5           ment described in subsection (a); or

6           (B) can be obtained at a lower cost than the  
7           equipment described in subsection (a).

8           (2) *TRANSFER OF FUNDS.*—Notwithstanding any  
9           other provision of this section, the Commissioner of  
10          Customs may reallocate an amount not to exceed 10  
11          percent of—

12           (A) the amount specified in any of subpara-  
13           graphs (A) through (R) of subsection (a)(1) for  
14           equipment specified in any other of such sub-  
15           paragraphs (A) through (R);

16           (B) the amount specified in any of subpara-  
17           graphs (A) through (G) of subsection (a)(2) for  
18           equipment specified in any other of such sub-  
19           paragraphs (A) through (G); and

20           (C) the amount specified in any of subpara-  
21           graphs (A) through (E) of subsection (a)(3) for  
22           equipment specified in any other of such sub-  
23           paragraphs (A) through (E).

1 **SEC. 313. COMPLIANCE WITH PERFORMANCE PLAN RE-**  
 2 **QUIREMENTS.**

3 *As part of the annual performance plan for each of*  
 4 *the fiscal years 2002 and 2003 covering each program activ-*  
 5 *ity set forth in the budget of the United States Customs*  
 6 *Service, as required under section 1115 of title 31, United*  
 7 *States Code, the Commissioner of Customs shall establish*  
 8 *performance goals, performance indicators, and comply*  
 9 *with all other requirements contained in paragraphs (1)*  
 10 *through (6) of subsection (a) of such section with respect*  
 11 *to each of the activities to be carried out pursuant to section*  
 12 *312.*

13 **CHAPTER 2—CHILD CYBER-SMUGGLING**  
 14 **CENTER OF THE CUSTOMS SERVICE**

15 **SEC. 321. AUTHORIZATION OF APPROPRIATIONS FOR PRO-**  
 16 **GRAM TO PREVENT CHILD PORNOGRAPHY/**  
 17 **CHILD SEXUAL EXPLOITATION.**

18 *(a) AUTHORIZATION OF APPROPRIATIONS.—There is*  
 19 *authorized to be appropriated to the Customs Service*  
 20 *\$10,000,000 for fiscal year 2002 to carry out the program*  
 21 *to prevent child pornography/child sexual exploitation es-*  
 22 *tablished by the Child Cyber-Smuggling Center of the Cus-*  
 23 *toms Service.*

24 *(b) USE OF AMOUNTS FOR CHILD PORNOGRAPHY*  
 25 *CYBER TIPLINE.—Of the amount appropriated under sub-*  
 26 *section (a), the Customs Service shall provide 3.75 percent*



1 *of such amount to the National Center for Missing and Ex-*  
 2 *ploited Children for the operation of the child pornography*  
 3 *cyber tipline of the Center and for increased public aware-*  
 4 *ness of the tipline.*

5                   **CHAPTER 3—MISCELLANEOUS**  
 6                   **PROVISIONS**

7   **SEC. 331. ADDITIONAL CUSTOMS SERVICE OFFICERS FOR**  
 8                   **UNITED STATES-CANADA BORDER.**

9           *Of the amount made available for fiscal year 2002*  
 10 *under paragraphs (1) and (2)(A) of section 301(b) of the*  
 11 *Customs Procedural Reform and Simplification Act of 1978*  
 12 *(19 U.S.C. 2075(b)), as amended by section 311 of this Act,*  
 13 *\$28,300,000 shall be available until expended for the Cus-*  
 14 *toms Service to hire approximately 285 additional Customs*  
 15 *Service officers to address the needs of the offices and ports*  
 16 *along the United States-Canada border.*

17   **SEC. 332. STUDY AND REPORT RELATING TO PERSONNEL**  
 18                   **PRACTICES OF THE CUSTOMS SERVICE.**

19           *(a) STUDY.—The Commissioner of Customs shall con-*  
 20 *duct a study of current personnel practices of the Customs*  
 21 *Service, including an overview of performance standards*  
 22 *and the effect and impact of the collective bargaining proc-*  
 23 *ess on drug interdiction efforts of the Customs Service and*  
 24 *a comparison of duty rotation policies of the Customs Serv-*

1 ice and other Federal agencies that employ similarly-situ-  
 2 ated personnel.

3 (b) *REPORT*.—Not later than 120 days after the date  
 4 of the enactment of this Act, the Commissioner of Customs  
 5 shall submit to the Committee on Ways and Means of the  
 6 House of Representatives and the Committee on Finance  
 7 of the Senate a report containing the results of the study  
 8 conducted under subsection (a).

9 **SEC. 333. STUDY AND REPORT RELATING TO ACCOUNTING**  
 10 **AND AUDITING PROCEDURES OF THE CUS-**  
 11 **TOMS SERVICE.**

12 (a) *STUDY*.—(1) The Commissioner of Customs shall  
 13 conduct a study of actions by the Customs Service to ensure  
 14 that appropriate training is being provided to Customs  
 15 Service personnel who are responsible for financial auditing  
 16 of importers.

17 (2) In conducting the study, the Commissioner—

18 (A) shall specifically identify those actions taken  
 19 to comply with provisions of law that protect the pri-  
 20 vacy and trade secrets of importers, such as section  
 21 552(b) of title 5, United States Code, and section  
 22 1905 of title 18, United States Code; and

23 (B) shall provide for public notice and comment  
 24 relating to verification of the actions described in sub-  
 25 paragraph (A).

1       (b) *REPORT.*—Not later than 6 months after the date  
 2 of the enactment of this Act, the Commissioner of Customs  
 3 shall submit to the Committee on Ways and Means of the  
 4 House of Representatives and the Committee on Finance  
 5 of the Senate a report containing the results of the study  
 6 conducted under subsection (a).

7       **SEC. 334. ESTABLISHMENT AND IMPLEMENTATION OF COST**  
 8               **ACCOUNTING SYSTEM; REPORTS.**

9       (a) *ESTABLISHMENT AND IMPLEMENTATION.*—

10           (1) *IN GENERAL.*—Not later than September 30,  
 11 2003, the Commissioner of Customs shall, in accord-  
 12 ance with the audit of the Customs Service's fiscal  
 13 years 2000 and 1999 financial statements (as con-  
 14 tained in the report of the Office of the Inspector Gen-  
 15 eral of the Department of the Treasury issued on Feb-  
 16 ruary 23, 2001), establish and implement a cost ac-  
 17 counting system for expenses incurred in both com-  
 18 mercial and noncommercial operations of the Customs  
 19 Service.

20           (2) *ADDITIONAL REQUIREMENT.*—The cost ac-  
 21 counting system described in paragraph (1) shall pro-  
 22 vide for an identification of expenses based on the  
 23 type of operation, the port at which the operation  
 24 took place, the amount of time spent on the operation  
 25 by personnel of the Customs Service, and an identi-

1        *fication of expenses based on any other appropriate*  
 2        *classification necessary to provide for an accurate*  
 3        *and complete accounting of the expenses.*

4        *(b) REPORTS.—Beginning on the date of the enactment*  
 5        *of this Act and ending on the date on which the cost ac-*  
 6        *counting system described in subsection (a) is fully imple-*  
 7        *mented, the Commissioner of Customs shall prepare and*  
 8        *submit to Congress on a quarterly basis a report on the*  
 9        *progress of implementing the cost accounting system pursu-*  
 10       *ant to subsection (a).*

11       **SEC. 335. STUDY AND REPORT RELATING TO TIMELINESS**  
 12                                **OF PROSPECTIVE RULINGS.**

13        *(a) STUDY.—The Comptroller General shall conduct a*  
 14        *study on the extent to which the Office of Regulations and*  
 15        *Rulings of the Customs Service has made improvements to*  
 16        *decrease the amount of time to issue prospective rulings*  
 17        *from the date on which a request for the ruling is received*  
 18        *by the Customs Service.*

19        *(b) REPORT.—Not later than 1 year after the date of*  
 20        *the enactment of this Act, the Comptroller General shall*  
 21        *submit to the Committee on Ways and Means of the House*  
 22        *of Representatives and the Committee on Finance of the*  
 23        *Senate a report containing the results of the study con-*  
 24        *ducted under subsection (a).*

1       (c) *DEFINITION.*—*In this section, the term “prospective ruling” means a ruling that is requested by an im-*  
 2 *porter on goods that are proposed to be imported into the*  
 3 *United States and that relates to the proper classification,*  
 4 *valuation, or marking of such goods.*

6 **SEC. 336. STUDY AND REPORT RELATING TO CUSTOMS**  
 7 **USER FEES.**

8       (a) *STUDY.*—*The Comptroller General shall conduct a*  
 9 *study on the extent to which the amount of each customs*  
 10 *user fee imposed under section 13031(a) of the Consolidated*  
 11 *Omnibus Budget Reconciliation Act of 1985 (19 U.S.C.*  
 12 *58c(a)) is commensurate with the level of services provided*  
 13 *by the Customs Service relating to the fee so imposed.*

14       (b) *REPORT.*—*Not later than 120 days after the date*  
 15 *of the enactment of this Act, the Comptroller General shall*  
 16 *submit to the Committee on Ways and Means of the House*  
 17 *of Representatives and the Committee on Finance of the*  
 18 *Senate a report in classified form containing—*

19               (1) *the results of the study conducted under sub-*  
 20 *section (a); and*

21               (2) *recommendations for the appropriate amount*  
 22 *of the customs user fees if such results indicate that*  
 23 *the fees are not commensurate with the level of serv-*  
 24 *ices provided by the Customs Service.*

1 **SEC. 337. FEES FOR CUSTOMS INSPECTIONS AT EXPRESS**  
2 **COURIER FACILITIES.**

3 (a) *IN GENERAL.*—Section 13031(b)(9) of the Consoli-  
4 dated Omnibus Budget Reconciliation Act of 1985 (19  
5 U.S.C. 58c(b)(9)) is amended as follows:

6 (1) *In subparagraph (A)—*

7 (A) *in the matter preceding clause (i), by*  
8 *striking “the processing of merchandise that is*  
9 *informally entered or released” and inserting*  
10 *“the processing of letters, documents, records,*  
11 *shipments, merchandise, or any other item that*  
12 *is valued at an amount under \$2,000 (or such*  
13 *higher amount as the Secretary may set by regu-*  
14 *lation pursuant to section 498 of the Tariff Act*  
15 *of 1930), whether or not such items are infor-*  
16 *mally entered or released (except items entered or*  
17 *released for immediate exportation),”; and*

18 (B) *in clause (ii) to read as follows:*

19 “(ii) *In the case of an express consignment*  
20 *carrier facility or centralized hub facility, \$.66*  
21 *per individual airway bill or bill of lading.”.*

22 (2) *By redesignating subparagraph (B) as sub-*  
23 *paragraph (C) and inserting after subparagraph (A)*  
24 *the following:*

25 “(B)(i) *For fiscal year 2004 and subsequent fis-*  
26 *cal years, the Secretary of the Treasury may adjust*

1       (not more than once per fiscal year) the amount de-  
2       scribed in subparagraph (A)(ii) to not less than \$.35  
3       but not more than \$1.00 per individual airway bill  
4       or bill of lading. The Secretary shall provide notice  
5       in the Federal Register of a proposed adjustment  
6       under the preceding sentence and the reasons therefor  
7       and shall allow for public comment on the proposed  
8       adjustment.

9               “(ii) The payment required by subparagraph  
10       (A)(ii) shall be the only payment required for reim-  
11       bursement of the Customs Service in connection with  
12       the processing of an individual airway bill or bill of  
13       lading in accordance with such subparagraph, except  
14       that the Customs Service may charge a fee to cover  
15       expenses of the Customs Service for adequate office  
16       space, equipment, furnishings, supplies, and security.

17              “(iii)(I) The payment required by subparagraph  
18       (A)(ii) and clause (ii) shall be paid on a quarterly  
19       basis to the Customs Service in accordance with regu-  
20       lations prescribed by the Secretary of the Treasury.

21              “(II) 50 percent of the amount of payments re-  
22       ceived under subparagraph (A)(ii) and clause (ii)  
23       shall, in accordance with section 524 of the Tariff Act  
24       of 1930, be deposited as a refund to the appropriation  
25       for the amount paid out of that appropriation for the

1        *costs incurred in providing services to express con-*  
 2        *signment carrier facilities or centralized hub facili-*  
 3        *ties. Amounts deposited in accordance with the pre-*  
 4        *ceding sentence shall be available until expended for*  
 5        *the provision of customs services to express consign-*  
 6        *ment carrier facilities or centralized hub facilities.*

7                *“(III) Notwithstanding section 524 of the Tariff*  
 8        *Act of 1930, the remaining 50 percent of the amount*  
 9        *of payments received under subparagraph (A)(ii) and*  
 10        *clause (ii) shall be paid to the Secretary of the Treas-*  
 11        *ury, which is in lieu of the payment of fees under*  
 12        *subsection (a)(10) of this section.”.*

13        *(b) EFFECTIVE DATE.—The amendments made by sub-*  
 14        *section (a) take effect on October 1, 2002.*

15        **SEC. 338. NATIONAL CUSTOMS AUTOMATION PROGRAM.**

16        *Section 411(b) of the Tariff Act of 1930 (19 U.S.C.*  
 17        *1411(b)) is amended by striking the second sentence and*  
 18        *inserting the following: “The Secretary may, by regulation,*  
 19        *require the electronic submission of information described*  
 20        *in subsection (a) or any other information required to be*  
 21        *submitted to the Customs Service separately pursuant to*  
 22        *this subpart.”.*



**CHAPTER 4—ANTITERRORISM**  
**PROVISIONS**

**SEC. 341. IMMUNITY FOR UNITED STATES OFFICIALS THAT**  
**ACT IN GOOD FAITH.**

*(a) IMMUNITY.—Section 3061 of the Revised Statutes*  
*(19 U.S.C. 482) is amended—*

*(1) by striking “Any of the officers” and insert-*  
*ing “(a) Any of the officers”; and*

*(2) by adding at the end the following:*

*“(b) Any officer or employee of the United States con-*  
*ducting a search of a person pursuant to subsection (a)*  
*shall not be held liable for any civil damages as a result*  
*of such search if the officer or employee performed the search*  
*in good faith.”.*

*(b) REQUIREMENT TO POST POLICY AND PROCEDURES*  
*FOR SEARCHES OF PASSENGERS.—Not later than 30 days*  
*after the date of the enactment of this Act, the Commissioner*  
*of the Customs Service shall ensure that at each Customs*  
*border facility appropriate notice is posted that provides*  
*a summary of the policy and procedures of the Customs*  
*Service for searching passengers, including a statement of*  
*the policy relating to the prohibition on the conduct of*  
*profiling of passengers based on gender, race, color, religion,*  
*or ethnic background.*

1 **SEC. 342. EMERGENCY ADJUSTMENTS TO OFFICES, PORTS**  
2 **OF ENTRY, OR STAFFING OF THE CUSTOMS**  
3 **SERVICE.**

4 *Section 318 of the Tariff Act of 1930 (19 U.S.C. 1318)*  
5 *is amended—*

6 *(1) by striking “Whenever the President” and in-*  
7 *serting “(a) Whenever the President”; and*

8 *(2) by adding at the end the following:*

9 *“(b)(1) Notwithstanding any other provision of law,*  
10 *the Secretary of the Treasury, when necessary to respond*  
11 *to a national emergency declared under the National Emer-*  
12 *gencies Act (50 U.S.C. 1601 et seq.) or to a specific threat*  
13 *to human life or national interests, is authorized to take*  
14 *the following actions on a temporary basis:*

15 *“(A) Eliminate, consolidate, or relocate any of-*  
16 *fice or port of entry of the Customs Service.*

17 *“(B) Modify hours of service, alter services ren-*  
18 *dered at any location, or reduce the number of em-*  
19 *ployees at any location.*

20 *“(C) Take any other action that may be nec-*  
21 *essary to directly respond to the national emergency*  
22 *or specific threat.*

23 *“(2) Notwithstanding any other provision of law, the*  
24 *Commissioner of Customs, when necessary to respond to a*  
25 *specific threat to human life or national interests, is author-*  
26 *ized to close temporarily any Customs office or port of entry*

1 *or take any other lesser action that may be necessary to*  
 2 *respond to the specific threat.*

3 “(3) *The Secretary of the Treasury or the Commis-*  
 4 *sioner of Customs, as the case may be, shall notify the Com-*  
 5 *mittee on Ways and Means of the House of Representatives*  
 6 *and the Committee on Finance of the Senate not later than*  
 7 *72 hours after taking any action under paragraph (1) or*  
 8 *(2).”.*

9 **SEC. 343. MANDATORY ADVANCED ELECTRONIC INFORMA-**  
 10 **TION FOR CARGO AND PASSENGERS.**

11 *(a) CARGO INFORMATION.—*

12 *(1) IN GENERAL.—Section 431(b) of the Tariff*  
 13 *Act of 1930 (19 U.S.C. 1431(b)) is amended—*

14 *(A) in the first sentence, by striking “Any*  
 15 *manifest” and inserting “(1) Any manifest”;*  
 16 *and*

17 *(B) by adding at the end the following:*

18 “(2)(A) *In addition to any other requirement under*  
 19 *this section, for each land, air, or vessel carrier required*  
 20 *to make entry under the customs laws of the United States,*  
 21 *the pilot, the master, operator, or owner of such carrier (or*  
 22 *the authorized agent of such operator or owner) shall pro-*  
 23 *vide by electronic transmission cargo manifest information*  
 24 *in advance of such entry in such manner, time, and form*  
 25 *as prescribed under regulations by the Secretary. The Sec-*

1   retary may exclude any class of land, air, or vessel carrier  
 2   for which the Secretary concludes the requirements of this  
 3   subparagraph are not necessary.

4       “(B) The Secretary shall cooperate with other appro-  
 5   priate Federal departments and agencies for the purpose  
 6   of providing to such departments and agencies as soon as  
 7   practicable cargo manifest information obtained pursuant  
 8   to subparagraph (A). In carrying out the preceding sen-  
 9   tence, the Secretary, to the maximum extent practicable,  
 10   shall protect the privacy and property rights with respect  
 11   to the cargo involved.”.

12           (2) CONFORMING AMENDMENTS.—Subparagraphs  
 13   (A) and (C) of section 431(d)(1) of such Act are each  
 14   amended by inserting before the semicolon “or sub-  
 15   section (b)(2)”.

16   (b) PASSENGER INFORMATION.—Part II of title IV of  
 17   the Tariff Act of 1930 (19 U.S.C. 1431 et seq.) is amended  
 18   by inserting after section 431 the following:

19   **“SEC. 432. PASSENGER AND CREW INFORMATION RE-**  
 20           **QUIRED FOR LAND, AIR, OR VESSEL CAR-**  
 21           **RIERS.**

22       “(a) IN GENERAL.—For every person arriving or de-  
 23   parting on a land, air, or vessel carrier required to make  
 24   entry or obtain clearance under the customs laws of the  
 25   United States, the pilot, the master, operator, or owner of

1 *such carrier (or the authorized agent of such operator or*  
2 *owner) shall provide by electronic transmission information*  
3 *described in subsection (b) in advance of such entry or*  
4 *clearance in such manner, time, and form as prescribed*  
5 *under regulations by the Secretary.*

6 “(b) *INFORMATION DESCRIBED.*—*The information de-*  
7 *scribed in this subsection shall include for each person de-*  
8 *scribed in subsection (a), if applicable, the person’s—*

9 “(1) *full name;*

10 “(2) *date of birth and citizenship;*

11 “(3) *gender;*

12 “(4) *passport number and country of issuance;*

13 “(5) *United States visa number or resident alien*  
14 *card number;*

15 “(6) *passenger name record; and*

16 “(7) *such additional information that the Sec-*  
17 *retary, by regulation, determines is reasonably nec-*  
18 *essary to ensure aviation and maritime safety pursu-*  
19 *ant to the laws enforced or administered by the Cus-*  
20 *toms Service.*

21 “(c) *SHARING OF INFORMATION.*—*The Secretary shall*  
22 *cooperate with other appropriate Federal departments and*  
23 *agencies for the purpose of providing to such departments*  
24 *and agencies as soon as practicable electronic transmission*  
25 *information obtained pursuant to subsection (a). In car-*

1 *rying out the preceding sentence, the Secretary, to the max-*  
 2 *imum extent practicable, shall protect the privacy rights of*  
 3 *the person with respect to which the information relates.”.*

4 *(c) DEFINITION.—Section 401 of the Tariff Act of 1930*  
 5 *(19 U.S.C. 1401) is amended by adding at the end the fol-*  
 6 *lowing:*

7 *“(t) The term ‘land, air, or vessel carrier’ means a*  
 8 *land, air, or vessel carrier, as the case may be, that trans-*  
 9 *ports goods or passengers for payment or other consider-*  
 10 *ation, including money or services rendered.”.*

11 *(d) EFFECTIVE DATE.—The amendments made by this*  
 12 *section shall take effect beginning 45 days after the date*  
 13 *of the enactment of this Act.*

14 **SEC. 344. BORDER SEARCH AUTHORITY FOR CERTAIN CON-**  
 15 **TRABAND IN OUTBOUND MAIL.**

16 *The Tariff Act of 1930 is amended by inserting after*  
 17 *section 582 the following:*

18 **“SEC. 583. EXAMINATION OF OUTBOUND MAIL.**

19 *“(a) EXAMINATION.—*

20 *“(1) IN GENERAL.—For purposes of ensuring*  
 21 *compliance with the Customs laws of the United*  
 22 *States and other laws enforced by the Customs Serv-*  
 23 *ice, including the provisions of law described in para-*  
 24 *graph (2), a Customs officer may, subject to the provi-*  
 25 *sions of this section, stop and search at the border,*

1       *without a search warrant, mail of domestic origin*  
2       *transmitted for export by the United States Postal*  
3       *Service and foreign mail transiting the United States*  
4       *that is being imported or exported by the United*  
5       *States Postal Service.*

6               “(2) *PROVISIONS OF LAW DESCRIBED.*—*The pro-*  
7       *visions of law described in this paragraph are the fol-*  
8       *lowing:*

9               “(A) *Section 5316 of title 31, United States*  
10       *Code (relating to reports on exporting and im-*  
11       *porting monetary instruments).*

12              “(B) *Sections 1461, 1463, 1465, and 1466*  
13       *and chapter 110 of title 18, United States Code*  
14       *(relating to obscenity and child pornography).*

15              “(C) *Section 1003 of the Controlled Sub-*  
16       *stances Import and Export Act (21 U.S.C. 953;*  
17       *relating to exportation of controlled substances).*

18              “(D) *The Export Administration Act of*  
19       *1979 (50 U.S.C. app. 2401 et seq.).*

20              “(E) *Section 38 of the Arms Export Control*  
21       *Act (22 U.S.C. 2778).*

22              “(F) *The International Emergency Eco-*  
23       *nomic Powers Act (50 U.S.C. 1701 et seq.).*

24       “(b) *SEARCH OF MAIL NOT SEALED AGAINST INSPEC-*  
25       *TION AND OTHER MAIL.*—*Mail not sealed against inspec-*

1 *tion under the postal laws and regulations of the United*  
 2 *States, mail which bears a customs declaration, and mail*  
 3 *with respect to which the sender or addressee has consented*  
 4 *in writing to search, may be searched by a Customs officer.*

5       “(c) *SEARCH OF MAIL SEALED AGAINST INSPEC-*  
 6 *TION.—(1) Mail sealed against inspection under the postal*  
 7 *laws and regulations of the United States may be searched*  
 8 *by a Customs officer, subject to paragraph (2), upon reason-*  
 9 *able cause to suspect that such mail contains one or more*  
 10 *of the following:*

11               “(A) *Monetary instruments, as defined in section*  
 12       *1956 of title 18, United States Code.*

13               “(B) *A weapon of mass destruction, as defined*  
 14       *in section 2332a(b) of title 18, United States Code.*

15               “(C) *A drug or other substance listed in schedule*  
 16       *I, II, III, or IV in section 202 of the Controlled Sub-*  
 17       *stances Act (21 U.S.C. 812).*

18               “(D) *National defense and related information*  
 19       *transmitted in violation of any of sections 793*  
 20       *through 798 of title 18, United States Code.*

21               “(E) *Merchandise mailed in violation of section*  
 22       *1715 or 1716 of title 18, United States Code.*

23               “(F) *Merchandise mailed in violation of any*  
 24       *provision of chapter 71 (relating to obscenity) or*



1       *chapter 110 (relating to sexual exploitation and other*  
2       *abuse of children) of title 18, United States Code.*

3               “(G) *Merchandise mailed in violation of the Ex-*  
4       *port Administration Act of 1979 (50 U.S.C. app.*  
5       *2401 et seq.).*

6               “(H) *Merchandise mailed in violation of section*  
7       *38 of the Arms Export Control Act (22 U.S.C. 2778).*

8               “(I) *Merchandise mailed in violation of the*  
9       *International Emergency Economic Powers Act (50*  
10       *U.S.C. 1701 et seq.).*

11               “(J) *Merchandise mailed in violation of the*  
12       *Trading with the Enemy Act (50 U.S.C. app. 1 et*  
13       *seq.).*

14               “(K) *Merchandise subject to any other law en-*  
15       *forced by the Customs Service.*

16       “(2) *No person acting under authority of paragraph*  
17       *(1) shall read, or authorize any other person to read, any*  
18       *correspondence contained in mail sealed against inspection*  
19       *unless prior to so reading—*

20               “(A) *a search warrant has been issued pursuant*  
21       *to Rule 41, Federal Rules of Criminal Procedure; or*

22               “(B) *the sender or addressee has given written*  
23       *authorization for such reading.”.*

1 **SEC. 345. AUTHORIZATION OF APPROPRIATIONS FOR REES-**  
2 **TABLISHMENT OF CUSTOMS OPERATIONS IN**  
3 **NEW YORK CITY.**

4 (a) *AUTHORIZATION OF APPROPRIATIONS.*—

5 (1) *IN GENERAL.*—*There is authorized to be ap-*  
6 *propriated for the reestablishment of operations of the*  
7 *Customs Service in New York, New York, such sums*  
8 *as may be necessary for fiscal year 2002.*

9 (2) *OPERATIONS DESCRIBED.*—*The operations*  
10 *referred to in paragraph (1) include, but are not lim-*  
11 *ited to, the following:*

12 (A) *Operations relating to the Port Director*  
13 *of New York City, the New York Customs Man-*  
14 *agement Center (including the Director of Field*  
15 *Operations), and the Special Agent-In-Charge*  
16 *for New York.*

17 (B) *Commercial operations, including tex-*  
18 *tile enforcement operations and salaries and ex-*  
19 *penses of—*

20 (i) *trade specialists who determine the*  
21 *origin and value of merchandise;*

22 (ii) *analysts who monitor the entry*  
23 *data into the United States of textiles and*  
24 *textile products; and*

1                   (iii) *Customs officials who work with*  
 2                   *foreign governments to examine textile mak-*  
 3                   *ers and verify entry information.*

4           (b) *AVAILABILITY.*—Amounts appropriated pursuant  
 5 *to the authorization of appropriations under subsection (a)*  
 6 *are authorized to remain available until expended.*

7       **CHAPTER 5—TEXTILE TRANSSHIPMENT**  
 8                   **PROVISIONS**

9       **SEC. 351. GAO AUDIT OF TEXTILE TRANSSHIPMENT MONI-**  
 10                   **TORING BY CUSTOMS SERVICE.**

11           (a) *GAO AUDIT.*—The Comptroller General of the  
 12 *United States shall conduct an audit of the system estab-*  
 13 *lished and carried out by the Customs Service to monitor*  
 14 *textile transshipment.*

15           (b) *REPORT.*—Not later than 9 months after the date  
 16 *of enactment of this Act, the Comptroller General shall sub-*  
 17 *mit to the Committee on Ways and Means of the House*  
 18 *of Representatives and Committee on Finance of the Senate*  
 19 *a report that contains the results of the study conducted*  
 20 *under subsection (a), including recommendations for im-*  
 21 *provements to the transshipment monitoring system if ap-*  
 22 *plicable.*

23           (c) *TRANSSHIPMENT DESCRIBED.*—Transshipment  
 24 *within the meaning of this section has occurred when pref-*  
 25 *erential treatment under any provision of law has been*

1 *claimed for a textile or apparel article on the basis of mate-*  
 2 *rial false information concerning the country of origin,*  
 3 *manufacture, processing, or assembly of the article or any*  
 4 *of its components. For purposes of the preceding sentence,*  
 5 *false information is material if disclosure of the true infor-*  
 6 *mation would mean or would have meant that the article*  
 7 *is or was ineligible for preferential treatment under the pro-*  
 8 *vision of law in question.*

9 **SEC. 352. AUTHORIZATION OF APPROPRIATIONS FOR TEX-**  
 10 **TILE TRANSSHIPMENT ENFORCEMENT OPER-**  
 11 **ATIONS.**

12 (a) *AUTHORIZATION OF APPROPRIATIONS.—*

13 (1) *IN GENERAL.—There is authorized to be ap-*  
 14 *propriated for textile transshipment enforcement oper-*  
 15 *ations of the Customs Service \$9,500,000 for fiscal*  
 16 *year 2002.*

17 (2) *AVAILABILITY.—Amounts appropriated pur-*  
 18 *suant to the authorization of appropriations under*  
 19 *paragraph (1) are authorized to remain available*  
 20 *until expended.*

21 (b) *USE OF FUNDS.—Of the amount appropriated*  
 22 *pursuant to the authorization of appropriations under sub-*  
 23 *section (a), the following amounts are authorized to be made*  
 24 *available for the following purposes:*

1           (1) *IMPORT SPECIALISTS.*—\$1,463,000 for 21  
2           *Customs import specialists to be assigned to selected*  
3           *ports for documentation review to support detentions*  
4           *and exclusions and 1 additional Customs import spe-*  
5           *cialist assigned to the Customs headquarters textile*  
6           *program to administer the program and provide over-*  
7           *sight.*

8           (2) *INSPECTORS.*—\$652,080 for 10 Customs in-  
9           *spectors to be assigned to selected ports to examine*  
10          *targeted high-risk shipments.*

11          (3) *INVESTIGATORS.*—(A) \$1,165,380 for 10 in-  
12          *vestigators to be assigned to selected ports to inves-*  
13          *tigate instances of smuggling, quota and trade agree-*  
14          *ment circumvention, and use of counterfeit visas to*  
15          *enter inadmissible goods.*

16          (B) \$149,603 for 1 investigator to be assigned to  
17          *Customs headquarters textile program to coordinate*  
18          *and ensure implementation of textile production*  
19          *verification team results from an investigation per-*  
20          *spective.*

21          (4) *INTERNATIONAL TRADE SPECIALISTS.*—  
22          \$226,500 for 3 international trade specialists to be  
23          *assigned to Customs headquarters to be dedicated to*  
24          *illegal textile transshipment policy issues and other*  
25          *free trade agreement enforcement issues.*

1           (5) *PERMANENT IMPORT SPECIALISTS FOR HONG*  
2           *KONG.—\$500,000 for 2 permanent import specialist*  
3           *positions and \$500,000 for 2 investigators to be as-*  
4           *signed to Hong Kong to work with Hong Kong and*  
5           *other government authorities in Southeast Asia to as-*  
6           *sist such authorities pursue proactive enforcement of*  
7           *bilateral trade agreements.*

8           (6) *VARIOUS PERMANENT TRADE POSITIONS.—*  
9           *\$3,500,000 for the following:*

10                (A) *2 permanent positions to be assigned to*  
11                *the Customs attaché office in Central America to*  
12                *address trade enforcement issues for that region.*

13                (B) *2 permanent positions to be assigned to*  
14                *the Customs attaché office in South Africa to ad-*  
15                *dress trade enforcement issues pursuant to the*  
16                *African Growth and Opportunity Act (title I of*  
17                *Public Law 106–200).*

18                (C) *4 permanent positions to be assigned to*  
19                *the Customs attaché office in Mexico to address*  
20                *the threat of illegal textile transshipment through*  
21                *Mexico and other related issues under the North*  
22                *American Free Trade Agreement Act.*

23                (D) *2 permanent positions to be assigned to*  
24                *the Customs attaché office in Seoul, South Korea,*

1           to address the trade issues in the geographic re-  
2           gion.

3           (E) 2 permanent positions to be assigned to  
4           the proposed Customs attaché office in New  
5           Delhi, India, to address the threat of illegal tex-  
6           tile transshipment and other trade enforcement  
7           issues.

8           (F) 2 permanent positions to be assigned to  
9           the Customs attaché office in Rome, Italy, to ad-  
10          dress trade enforcement issues in the geographic  
11          region, including issues under free trade agree-  
12          ments with Jordan and Israel.

13          (7) ATTORNEYS.—\$179,886 for 2 attorneys for  
14          the Office of the Chief Counsel of the Customs Service  
15          to pursue cases regarding illegal textile trans-  
16          shipment.

17          (8) AUDITORS.—\$510,000 for 6 Customs audi-  
18          tors to perform internal control reviews and document  
19          and record reviews of suspect importers.

20          (9) ADDITIONAL TRAVEL FUNDS.—\$250,000 for  
21          deployment of additional textile production  
22          verification teams to sub-Saharan Africa.

23          (10) TRAINING.—(A) \$75,000 for training of  
24          Customs personnel.

1           (B) \$200,000 for training for foreign counter-  
 2           parts in risk management analytical techniques and  
 3           for teaching factory inspection techniques, model law  
 4           Development, and enforcement techniques.

5           (11) OUTREACH.—\$60,000 for outreach efforts to  
 6           United States importers.

7   **SEC. 353. IMPLEMENTATION OF THE AFRICAN GROWTH AND**  
 8           **OPPORTUNITY ACT.**

9           Of the amount made available for fiscal year 2002  
 10          under section 301(b)(2)(A) of the Customs Procedural Re-  
 11          form and Simplification Act of 1978 (19 U.S.C.  
 12          2075(b)(2)(A)), as amended by section 311(b)(1) of this Act,  
 13          \$1,317,000 shall be available until expended for the Customs  
 14          Service to provide technical assistance to help sub-Saharan  
 15          Africa countries develop and implement effective visa and  
 16          anti-transshipment systems as required by the African  
 17          Growth and Opportunity Act (title I of Public Law 106–  
 18          200), as follows:

19           (1) TRAVEL FUNDS.—\$600,000 for import spe-  
 20           cialists, special agents, and other qualified Customs  
 21           personnel to travel to sub-Saharan Africa countries to  
 22           provide technical assistance in developing and imple-  
 23           menting effective visa and anti-transshipment sys-  
 24           tems.



1           (2) *IMPORT SPECIALISTS*.—\$266,000 for 4 im-  
 2           port specialists to be assigned to Customs head-  
 3           quarters to be dedicated to providing technical assist-  
 4           ance to sub-Saharan African countries for developing  
 5           and implementing effective visa and anti-trans-  
 6           shipment systems.

7           (3) *DATA RECONCILIATION ANALYSTS*.—\$151,000  
 8           for 2 data reconciliation analysts to review apparel  
 9           shipments.

10          (4) *SPECIAL AGENTS*.—\$300,000 for 2 special  
 11          agents to be assigned to Customs headquarters to be  
 12          available to provide technical assistance to sub-Saha-  
 13          ran African countries in the performance of investiga-  
 14          tions and other enforcement initiatives.

15           ***Subtitle B—Office of the United***  
 16           ***States Trade Representative***

17   **SEC. 361. AUTHORIZATION OF APPROPRIATIONS.**

18          (a) *IN GENERAL*.—Section 141(g)(1) of the Trade Act  
 19          of 1974 (19 U.S.C. 2171(g)(1)) is amended—

20               (1) in subparagraph (A)—

21                       (A) in the matter preceding clause (i), by  
 22                       striking “not to exceed”;

23                       (B) in clause (i) to read as follows:

24                               “(i) \$30,000,000 for fiscal year 2002.”;

25                       (C) in clause (ii) to read as follows:

1           “(ii) \$32,300,000 for fiscal year 2003.”; and

2                   (D) by adding at the end the following:

3           “(iii) \$33,108,000 for fiscal year 2004.”; and

4           (2) in subparagraph (B)—

5                   (A) in clause (i), by adding “and” at the  
6           end;

7                   (B) by striking clause (ii); and

8                   (C) by redesignating clause (iii) as clause  
9           (ii).

10       (b) *SUBMISSION OF OUT-YEAR BUDGET PROJEC-*  
11 *TIONS.*—Section 141(g) of the Trade Act of 1974 (19 U.S.C.  
12 2171(g)) is amended by adding at the end the following:

13       “(3) By not later than the date on which the President  
14 submits to Congress the budget of the United States Govern-  
15 ment for a fiscal year, the United States Trade Representa-  
16 tive shall submit to the Committee on Ways and Means of  
17 the House of Representatives and the Committee on Finance  
18 of the Senate the projected amount of funds for the suc-  
19 ceeding fiscal year that will be necessary for the Office to  
20 carry out its functions.”.

21       (c) *ADDITIONAL STAFF FOR OFFICE OF ASSISTANT*  
22 *U.S. TRADE REPRESENTATIVE FOR CONGRESSIONAL AF-*  
23 *FAIRS.*—

24           (1) *IN GENERAL.*—There is authorized to be ap-  
25 propriated such sums as may be necessary for fiscal

1        *year 2002 for the salaries and expenses of two addi-*  
 2        *tional legislative specialist employee positions within*  
 3        *the Office of the Assistant United States Trade Rep-*  
 4        *resentative for Congressional Affairs.*

5            (2) *AVAILABILITY.—Amounts appropriated pur-*  
 6        *suant to the authorization of appropriations under*  
 7        *paragraph (1) are authorized to remain available*  
 8        *until expended.*

9            ***Subtitle C—United States***  
 10        ***International Trade Commission***

11        ***SEC. 371. AUTHORIZATION OF APPROPRIATIONS.***

12            (a) *IN GENERAL.—Section 330(e)(2)(A) of the Tariff*  
 13        *Act of 1930 (19 U.S.C. 1330(e)(2)) is amended—*

14            *(1) in clause (i) to read as follows:*

15            *“(i) \$51,440,000 for fiscal year 2002.”;*

16            *(2) in clause (ii) to read as follows:*

17            *“(ii) \$54,000,000 for fiscal year 2003.”; and*

18            *(3) by adding at the end the following:*

19            *“(iii) \$57,240,000 for fiscal year 2004.”.*

20            (b) *SUBMISSION OF OUT-YEAR BUDGET PROJEC-*  
 21        *TIONS.—Section 330(e) of the Tariff Act of 1930 (19 U.S.C.*  
 22        *1330(e)(2)) is amended by adding at the end the following:*

23            *“(4) By not later than the date on which the President*  
 24        *submits to Congress the budget of the United States Govern-*  
 25        *ment for a fiscal year, the Commission shall submit to the*

1 *Committee on Ways and Means of the House of Representa-*  
 2 *tives and the Committee on Finance of the Senate the pro-*  
 3 *jected amount of funds for the succeeding fiscal year that*  
 4 *will be necessary for the Commission to carry out its func-*  
 5 *tions.”.*

6 ***Subtitle D—Other trade provisions***

7 ***SEC. 381. INCREASE IN AGGREGATE VALUE OF ARTICLES***

8 ***EXEMPT FROM DUTY ACQUIRED ABROAD BY***  
 9 ***UNITED STATES RESIDENTS.***

10 *(a) IN GENERAL.—Subheading 9804.00.65 of the Har-*  
 11 *monized Tariff Schedule of the United States is amended*  
 12 *in the article description column by striking “\$400” and*  
 13 *inserting “\$800”.*

14 *(b) EFFECTIVE DATE.—The amendment made by sub-*  
 15 *section (a) shall take effect 90 days after the date of the*  
 16 *enactment of this Act.*

17 ***SEC. 382. REGULATORY AUDIT PROCEDURES.***

18 *Section 509(b) of the Tariff Act of 1930 (19 U.S.C.*  
 19 *1509(b)) is amended by adding at the end the following:*

20 *“(6)(A) If during the course of any audit con-*  
 21 *cluded under this subsection, the Customs Service*  
 22 *identifies overpayments of duties or fees or over-dec-*  
 23 *larations of quantities or values that are within the*  
 24 *time period and scope of the audit that the Customs*  
 25 *Service has defined, then in calculating the loss of*

1 *revenue or monetary penalties under section 592, the*  
 2 *Customs Service shall treat the overpayments or over-*  
 3 *declarations on finally liquidated entries as an offset*  
 4 *to any underpayments or underdeclarations also*  
 5 *identified on finally liquidated entries if such over-*  
 6 *payments or over-declarations were not made by the*  
 7 *person being audited for the purpose of violating any*  
 8 *provision of law.*

9 *“(B) Nothing in this paragraph shall be con-*  
 10 *strued to authorize a refund not otherwise authorized*  
 11 *under section 520.”.*

12 ***DIVISION B—BIPARTISAN TRADE***  
 13 ***PROMOTION AUTHORITY***  
 14 ***TITLE XXI—TRADE PROMOTION***  
 15 ***AUTHORITY***

16 ***SEC. 2101. SHORT TITLE AND FINDINGS.***

17 *(a) SHORT TITLE.—This title may be cited as the “Bi-*  
 18 *partisan Trade Promotion Authority Act of 2002”.*

19 *(b) FINDINGS.—The Congress makes the following*  
 20 *findings:*

21 *(1) The expansion of international trade is vital*  
 22 *to the national security of the United States. Trade*  
 23 *is critical to the economic growth and strength of the*  
 24 *United States and to its leadership in the world. Sta-*  
 25 *ble trading relationships promote security and pros-*

1        *perity. Trade agreements today serve the same pur-*  
2        *poses that security pacts played during the Cold War,*  
3        *binding nations together through a series of mutual*  
4        *rights and obligations. Leadership by the United*  
5        *States in international trade fosters open markets, de-*  
6        *mocracy, and peace throughout the world.*

7                *(2) The national security of the United States*  
8        *depends on its economic security, which in turn is*  
9        *founded upon a vibrant and growing industrial base.*  
10        *Trade expansion has been the engine of economic*  
11        *growth. Trade agreements maximize opportunities for*  
12        *the critical sectors and building blocks of the economy*  
13        *of the United States, such as information technology,*  
14        *telecommunications and other leading technologies,*  
15        *basic industries, capital equipment, medical equip-*  
16        *ment, services, agriculture, environmental technology,*  
17        *and intellectual property. Trade will create new op-*  
18        *portunities for the United States and preserve the un-*  
19        *paralleled strength of the United States in economic,*  
20        *political, and military affairs. The United States, se-*  
21        *cured by expanding trade and economic opportuni-*  
22        *ties, will meet the challenges of the twenty-first cen-*  
23        *tury.*

24                *(3) At the same time, the recent pattern of deci-*  
25        *sions by dispute settlement panels and the Appellate*

1     *Body of the World Trade Organization to impose obli-*  
 2     *gations and restrictions on the use of antidumping*  
 3     *and countervailing measures by WTO members under*  
 4     *the Antidumping Agreement and the Agreement on*  
 5     *Subsidies and Countervailing Measures has raised*  
 6     *concerns, and Congress is concerned that dispute set-*  
 7     *tlement panels and the Appellate Body of the WTO*  
 8     *appropriately apply the standard of review contained*  
 9     *in Article 17.6 of the Antidumping Agreement, to pro-*  
 10    *vide deference to a permissible interpretation by a*  
 11    *WTO member of provisions of the Antidumping*  
 12    *Agreement, and to the evaluation by a WTO member*  
 13    *of the facts where that evaluation is unbiased and ob-*  
 14    *jective and the establishment of the facts is proper.*

15   **SEC. 2102. TRADE NEGOTIATING OBJECTIVES.**

16       (a) *OVERALL TRADE NEGOTIATING OBJECTIVES.*—*The*  
 17    *overall trade negotiating objectives of the United States for*  
 18    *agreements subject to the provisions of section 2103 are—*

19           (1) *to obtain more open, equitable, and recip-*  
 20    *rocal market access;*

21           (2) *to obtain the reduction or elimination of bar-*  
 22    *riers and distortions that are directly related to trade*  
 23    *and that decrease market opportunities for United*  
 24    *States exports or otherwise distort United States*  
 25    *trade;*

1           (3) to further strengthen the system of inter-  
 2           national trading disciplines and procedures, includ-  
 3           ing dispute settlement;

4           (4) to foster economic growth, raise living stand-  
 5           ards, and promote full employment in the United  
 6           States and to enhance the global economy;

7           (5) to ensure that trade and environmental poli-  
 8           cies are mutually supportive and to seek to protect  
 9           and preserve the environment and enhance the inter-  
 10          national means of doing so, while optimizing the use  
 11          of the world's resources;

12          (6) to promote respect for worker rights and the  
 13          rights of children consistent with core labor standards  
 14          of the International Labor Organization (as defined  
 15          in section 2111(2)) and an understanding of the rela-  
 16          tionship between trade and worker rights; and

17          (7) to seek provisions in trade agreements under  
 18          which parties to those agreements strive to ensure that  
 19          they do not weaken or reduce the protections afforded  
 20          in domestic environmental and labor laws as an en-  
 21          couragement for trade.

22          (b) *PRINCIPAL TRADE NEGOTIATING OBJECTIVES.*—

23               (1) *TRADE BARRIERS AND DISTORTIONS.*—*The*  
 24          principal negotiating objectives of the United States



1       *regarding trade barriers and other trade distortions*  
2       *are—*

3               *(A) to expand competitive market opportu-*  
4               *nities for United States exports and to obtain*  
5               *fairer and more open conditions of trade by re-*  
6               *ducing or eliminating tariff and nontariff bar-*  
7               *riers and policies and practices of foreign gov-*  
8               *ernments directly related to trade that decrease*  
9               *market opportunities for United States exports*  
10              *or otherwise distort United States trade; and*

11              *(B) to obtain reciprocal tariff and nontariff*  
12              *barrier elimination agreements, with particular*  
13              *attention to those tariff categories covered in sec-*  
14              *tion 111(b) of the Uruguay Round Agreements*  
15              *Act (19 U.S.C. 3521(b)).*

16              *(2) TRADE IN SERVICES.—The principal negoti-*  
17              *ating objective of the United States regarding trade in*  
18              *services is to reduce or eliminate barriers to inter-*  
19              *national trade in services, including regulatory and*  
20              *other barriers that deny national treatment and mar-*  
21              *ket access or unreasonably restrict the establishment*  
22              *or operations of service suppliers.*

23              *(3) FOREIGN INVESTMENT.—The principal nego-*  
24              *tiating objective of the United States regarding for-*  
25              *ign investment is to reduce or eliminate artificial or*

1 *trade-distorting barriers to trade-related foreign in-*  
2 *vestment and, recognizing that United States law on*  
3 *the whole provides a high level of protection for in-*  
4 *vestment, consistent with or greater than the level re-*  
5 *quired by international law, to secure for investors*  
6 *important rights comparable to those that would be*  
7 *available under United States legal principles and*  
8 *practice, by—*

9 *(A) reducing or eliminating exceptions to*  
10 *the principle of national treatment;*

11 *(B) freeing the transfer of funds relating to*  
12 *investments;*

13 *(C) reducing or eliminating performance re-*  
14 *quirements, forced technology transfers, and*  
15 *other unreasonable barriers to the establishment*  
16 *and operation of investments;*

17 *(D) seeking to establish standards for expro-*  
18 *priation and compensation for expropriation,*  
19 *consistent with United States legal principles*  
20 *and practice;*

21 *(E) providing meaningful procedures for re-*  
22 *solving investment disputes;*

23 *(F) seeking to improve mechanisms used to*  
24 *resolve disputes between an investor and a gov-*  
25 *ernment through—*

1                   (i) mechanisms to eliminate frivolous  
2                   claims; and

3                   (ii) procedures to ensure the efficient  
4                   selection of arbitrators and the expeditious  
5                   disposition of claims;

6                   (G) providing an appellate or similar re-  
7                   view mechanism to correct manifestly erroneous  
8                   interpretations of law; and

9                   (H) ensuring the fullest measure of trans-  
10                  parency in the dispute settlement mechanism, to  
11                  the extent consistent with the need to protect in-  
12                  formation that is classified or business confiden-  
13                  tial, by—

14                  (i) ensuring that all requests for dis-  
15                  pute settlement are promptly made public;

16                  (ii) ensuring that—

17                          (I) all proceedings, submissions,  
18                          findings, and decisions are promptly  
19                          made public; and

20                          (II) all hearings are open to the  
21                          public; and

22                          (iii) establishing a mechanism for ac-  
23                          ceptance of amicus curiae submissions from  
24                          businesses, unions, and nongovernmental or-  
25                          ganizations.

1           (4) *INTELLECTUAL PROPERTY*.—*The principal*  
2           *negotiating objectives of the United States regarding*  
3           *trade-related intellectual property are—*

4                   (A) *to further promote adequate and effec-*  
5                   *tive protection of intellectual property rights, in-*  
6                   *cluding through—*

7                           (i)(I) *ensuring accelerated and full im-*  
8                           *plementation of the Agreement on Trade-Re-*  
9                           *lated Aspects of Intellectual Property Rights*  
10                          *referred to in section 101(d)(15) of the Uru-*  
11                          *guay Round Agreements Act (19 U.S.C.*  
12                          *3511(d)(15)), particularly with respect to*  
13                          *meeting enforcement obligations under that*  
14                          *agreement; and*

15                           (II) *ensuring that the provisions of*  
16                           *any multilateral or bilateral trade agree-*  
17                           *ment governing intellectual property rights*  
18                           *that is entered into by the United States re-*  
19                           *fect a standard of protection similar to*  
20                           *that found in United States law;*

21                           (ii) *providing strong protection for*  
22                           *new and emerging technologies and new*  
23                           *methods of transmitting and distributing*  
24                           *products embodying intellectual property;*

1                   (iii) preventing or eliminating dis-  
2                   crimination with respect to matters affect-  
3                   ing the availability, acquisition, scope,  
4                   maintenance, use, and enforcement of intel-  
5                   lectual property rights;

6                   (iv) ensuring that standards of protec-  
7                   tion and enforcement keep pace with techno-  
8                   logical developments, and in particular en-  
9                   suring that rightholders have the legal and  
10                  technological means to control the use of  
11                  their works through the Internet and other  
12                  global communication media, and to pre-  
13                  vent the unauthorized use of their works;  
14                  and

15                  (v) providing strong enforcement of in-  
16                  tellectual property rights, including through  
17                  accessible, expeditious, and effective civil,  
18                  administrative, and criminal enforcement  
19                  mechanisms; and

20                  (B) to secure fair, equitable, and non-  
21                  discriminatory market access opportunities for  
22                  United States persons that rely upon intellectual  
23                  property protection.

24                  (5) TRANSPARENCY.—The principal negotiating  
25                  objective of the United States with respect to trans-

1        *parency is to obtain wider and broader application*  
2        *of the principle of transparency through—*

3                *(A) increased and more timely public access*  
4                *to information regarding trade issues and the ac-*  
5                *tivities of international trade institutions;*

6                *(B) increased openness at the WTO and*  
7                *other international trade fora by increasing pub-*  
8                *lic access to appropriate meetings, proceedings,*  
9                *and submissions, including with regard to dis-*  
10               *pute settlement and investment; and*

11               *(C) increased and more timely public access*  
12               *to all notifications and supporting documenta-*  
13               *tion submitted by parties to the WTO.*

14               *(6) ANTI-CORRUPTION.—The principal negoti-*  
15               *ating objectives of the United States with respect to*  
16               *the use of money or other things of value to influence*  
17               *acts, decisions, or omissions of foreign governments or*  
18               *officials or to secure any improper advantage in a*  
19               *manner affecting trade are—*

20               *(A) to obtain high standards and appro-*  
21               *priate domestic enforcement mechanisms appli-*  
22               *cable to persons from all countries participating*  
23               *in the applicable trade agreement that prohibit*  
24               *such attempts to influence acts, decisions, or*  
25               *omissions of foreign governments; and*

1                   (B) to ensure that such standards do not  
 2                   place United States persons at a competitive dis-  
 3                   advantage in international trade.

4                   (7) *IMPROVEMENT OF THE WTO AND MULTILAT-*  
 5                   *ERAL TRADE AGREEMENTS.*—*The principal negoti-*  
 6                   *ating objectives of the United States regarding the im-*  
 7                   *provement of the World Trade Organization, the Uru-*  
 8                   *guay Round Agreements, and other multilateral and*  
 9                   *bilateral trade agreements are—*

10                   (A) to achieve full implementation and ex-  
 11                   tend the coverage of the World Trade Organiza-  
 12                   tion and such agreements to products, sectors,  
 13                   and conditions of trade not adequately covered;  
 14                   and

15                   (B) to expand country participation in and  
 16                   enhancement of the Information Technology  
 17                   Agreement and other trade agreements.

18                   (8) *REGULATORY PRACTICES.*—*The principal ne-*  
 19                   *gotiating objectives of the United States regarding the*  
 20                   *use of government regulation or other practices by for-*  
 21                   *eign governments to provide a competitive advantage*  
 22                   *to their domestic producers, service providers, or in-*  
 23                   *vestors and thereby reduce market access for United*  
 24                   *States goods, services, and investments are—*

1           (A) to achieve increased transparency and  
2           opportunity for the participation of affected par-  
3           ties in the development of regulations;

4           (B) to require that proposed regulations be  
5           based on sound science, cost-benefit analysis, risk  
6           assessment, or other objective evidence;

7           (C) to establish consultative mechanisms  
8           among parties to trade agreements to promote  
9           increased transparency in developing guidelines,  
10          rules, regulations, and laws for government pro-  
11          curement and other regulatory regimes; and

12          (D) to achieve the elimination of govern-  
13          ment measures such as price controls and ref-  
14          erence pricing which deny full market access for  
15          United States products.

16          (9) *ELECTRONIC COMMERCE*.—The principal ne-  
17          gotiating objectives of the United States with respect  
18          to electronic commerce are—

19               (A) to ensure that current obligations, rules,  
20               disciplines, and commitments under the World  
21               Trade Organization apply to electronic com-  
22               merce;

23               (B) to ensure that—

24                       (i) electronically delivered goods and  
25                       services receive no less favorable treatment



1                    *under trade rules and commitments than*  
 2                    *like products delivered in physical form;*  
 3                    *and*

4                    *(ii) the classification of such goods and*  
 5                    *services ensures the most liberal trade treat-*  
 6                    *ment possible;*

7                    *(C) to ensure that governments refrain from*  
 8                    *implementing trade-related measures that im-*  
 9                    *pede electronic commerce;*

10                  *(D) where legitimate policy objectives re-*  
 11                  *quire domestic regulations that affect electronic*  
 12                  *commerce, to obtain commitments that any such*  
 13                  *regulations are the least restrictive on trade,*  
 14                  *nondiscriminatory, and transparent, and pro-*  
 15                  *mote an open market environment; and*

16                  *(E) to extend the moratorium of the World*  
 17                  *Trade Organization on duties on electronic*  
 18                  *transmissions.*

19                  *(10) RECIPROCAL TRADE IN AGRICULTURE.—(A)*  
 20                  *The principal negotiating objective of the United*  
 21                  *States with respect to agriculture is to obtain com-*  
 22                  *petitive opportunities for United States exports of ag-*  
 23                  *ricultural commodities in foreign markets substan-*  
 24                  *tially equivalent to the competitive opportunities af-*  
 25                  *forded foreign exports in United States markets and*

1       to achieve fairer and more open conditions of trade  
2       in bulk, specialty crop, and value-added commodities  
3       by—

4               (i) reducing or eliminating, by a date cer-  
5       tain, tariffs or other charges that decrease mar-  
6       ket opportunities for United States exports—

7               (I) giving priority to those products  
8       that are subject to significantly higher tar-  
9       iffs or subsidy regimes of major producing  
10      countries; and

11              (II) providing reasonable adjustment  
12      periods for United States import-sensitive  
13      products, in close consultation with the  
14      Congress on such products before initiating  
15      tariff reduction negotiations;

16              (ii) reducing tariffs to levels that are the  
17      same as or lower than those in the United States;

18              (iii) reducing or eliminating subsidies that  
19      decrease market opportunities for United States  
20      exports or unfairly distort agriculture markets to  
21      the detriment of the United States;

22              (iv) allowing the preservation of programs  
23      that support family farms and rural commu-  
24      nities but do not distort trade;

1           (v) *developing disciplines for domestic sup-*  
2           *port programs, so that production that is in ex-*  
3           *cess of domestic food security needs is sold at*  
4           *world prices;*

5           (vi) *eliminating Government policies that*  
6           *create price-depressing surpluses;*

7           (vii) *eliminating state trading enterprises*  
8           *whenever possible;*

9           (viii) *developing, strengthening, and clari-*  
10          *fying rules and effective dispute settlement mech-*  
11          *anisms to eliminate practices that unfairly de-*  
12          *crease United States market access opportunities*  
13          *or distort agricultural markets to the detriment*  
14          *of the United States, particularly with respect to*  
15          *import-sensitive products, including—*

16               (I) *unfair or trade-distorting activities*  
17               *of state trading enterprises and other ad-*  
18               *ministrative mechanisms, with emphasis on*  
19               *requiring price transparency in the oper-*  
20               *ation of state trading enterprises and such*  
21               *other mechanisms in order to end cross sub-*  
22               *sidization, price discrimination, and price*  
23               *undercutting;*

24               (II) *unjustified trade restrictions or*  
25               *commercial requirements, such as labeling,*

1           that affect new technologies, including bio-  
2           technology;

3                   (III)   unjustified   sanitary   or  
4           phytosanitary restrictions, including those  
5           not based on scientific principles in con-  
6           travention of the Uruguay Round Agree-  
7           ments;

8                   (IV) other unjustified technical bar-  
9           riers to trade; and

10                   (V) restrictive rules in the administra-  
11           tion of tariff rate quotas;

12                   (ix) eliminating practices that adversely af-  
13           fect trade in perishable or cyclical products,  
14           while improving import relief mechanisms to  
15           recognize the unique characteristics of perishable  
16           and cyclical agriculture;

17                   (x) ensuring that the use of import relief  
18           mechanisms for perishable and cyclical agri-  
19           culture are as accessible and timely to growers in  
20           the United States as those mechanisms that are  
21           used by other countries;

22                   (xi) taking into account whether a party to  
23           the negotiations has failed to adhere to the provi-  
24           sions of already existing trade agreements with

1        *the United States or has circumvented obliga-*  
2        *tions under those agreements;*

3                *(xii) taking into account whether a product*  
4        *is subject to market distortions by reason of a*  
5        *failure of a major producing country to adhere*  
6        *to the provisions of already existing trade agree-*  
7        *ments with the United States or by the cir-*  
8        *cumvention by that country of its obligations*  
9        *under those agreements;*

10               *(xiii) otherwise ensuring that countries that*  
11        *accede to the World Trade Organization have*  
12        *made meaningful market liberalization commit-*  
13        *ments in agriculture;*

14               *(xiv) taking into account the impact that*  
15        *agreements covering agriculture to which the*  
16        *United States is a party, including the North*  
17        *American Free Trade Agreement, have on the*  
18        *United States agricultural industry; and*

19               *(xv) maintaining bona fide food assistance*  
20        *programs and preserving United States market*  
21        *development and export credit programs.*

22               *(B)(i) Before commencing negotiations with re-*  
23        *spect to agriculture, the United States Trade Rep-*  
24        *resentative, in consultation with the Congress, shall*  
25        *seek to develop a position on the treatment of seasonal*

1       *and perishable agricultural products to be employed*  
2       *in the negotiations in order to develop an inter-*  
3       *national consensus on the treatment of seasonal or*  
4       *perishable agricultural products in investigations re-*  
5       *lating to dumping and safeguards and in any other*  
6       *relevant area.*

7               (ii) *During any negotiations on agricultural*  
8       *subsidies, the United States Trade Representative*  
9       *shall seek to establish the common base year for calcu-*  
10       *lating the Aggregated Measurement of Support (as de-*  
11       *finied in the Agreement on Agriculture) as the end of*  
12       *each country's Uruguay Round implementation pe-*  
13       *riod, as reported in each country's Uruguay Round*  
14       *market access schedule.*

15              (iii) *The negotiating objective provided in sub-*  
16       *paragraph (A) applies with respect to agricultural*  
17       *matters to be addressed in any trade agreement en-*  
18       *tered into under section 2103(a) or (b), including any*  
19       *trade agreement entered into under section 2103(a) or*  
20       *(b) that provides for accession to a trade agreement*  
21       *to which the United States is already a party, such*  
22       *as the North American Free Trade Agreement and the*  
23       *United States-Canada Free Trade Agreement.*

1           (11) *LABOR AND THE ENVIRONMENT.*—*The prin-*  
2           *cipal negotiating objectives of the United States with*  
3           *respect to labor and the environment are—*

4                   (A) *to ensure that a party to a trade agree-*  
5                   *ment with the United States does not fail to ef-*  
6                   *fectively enforce its environmental or labor laws,*  
7                   *through a sustained or recurring course of action*  
8                   *or inaction, in a manner affecting trade between*  
9                   *the United States and that party after entry into*  
10                  *force of a trade agreement between those coun-*  
11                  *tries;*

12                  (B) *to recognize that parties to a trade*  
13                  *agreement retain the right to exercise discretion*  
14                  *with respect to investigatory, prosecutorial, regu-*  
15                  *latory, and compliance matters and to make de-*  
16                  *cisions regarding the allocation of resources to*  
17                  *enforcement with respect to other labor or envi-*  
18                  *ronmental matters determined to have higher*  
19                  *priorities, and to recognize that a country is ef-*  
20                  *fectively enforcing its laws if a course of action*  
21                  *or inaction reflects a reasonable exercise of such*  
22                  *discretion, or results from a bona fide decision*  
23                  *regarding the allocation of resources and no re-*  
24                  *taliation may be authorized based on the exercise*  
25                  *of these rights or the right to establish domestic*

1       *labor standards and levels of environmental pro-*  
2       *tection;*

3               *(C) to strengthen the capacity of United*  
4       *States trading partners to promote respect for*  
5       *core labor standards (as defined in section*  
6       *2111(2));*

7               *(D) to strengthen the capacity of United*  
8       *States trading partners to protect the environ-*  
9       *ment through the promotion of sustainable devel-*  
10       *opment;*

11              *(E) to reduce or eliminate government prac-*  
12       *tices or policies that unduly threaten sustainable*  
13       *development;*

14              *(F) to seek market access, through the elimi-*  
15       *nation of tariffs and nontariff barriers, for*  
16       *United States environmental technologies, goods,*  
17       *and services; and*

18              *(G) to ensure that labor, environmental,*  
19       *health, or safety policies and practices of the*  
20       *parties to trade agreements with the United*  
21       *States do not arbitrarily or unjustifiably dis-*  
22       *criminate against United States exports or serve*  
23       *as disguised barriers to trade.*

24              (12) *DISPUTE SETTLEMENT AND ENFORCE-*  
25       *MENT.—The principal negotiating objectives of the*



1       *United States with respect to dispute settlement and*  
2       *enforcement of trade agreements are—*

3               *(A) to seek provisions in trade agreements*  
4               *providing for resolution of disputes between gov-*  
5               *ernments under those trade agreements in an ef-*  
6               *fective, timely, transparent, equitable, and rea-*  
7               *soned manner, requiring determinations based*  
8               *on facts and the principles of the agreements,*  
9               *with the goal of increasing compliance with the*  
10              *agreements;*

11              *(B) to seek to strengthen the capacity of the*  
12              *Trade Policy Review Mechanism of the World*  
13              *Trade Organization to review compliance with*  
14              *commitments;*

15              *(C) to seek provisions encouraging the early*  
16              *identification and settlement of disputes through*  
17              *consultation;*

18              *(D) to seek provisions to encourage the pro-*  
19              *vision of trade-expanding compensation if a*  
20              *party to a dispute under the agreement does not*  
21              *come into compliance with its obligations under*  
22              *the agreement;*

23              *(E) to seek provisions to impose a penalty*  
24              *upon a party to a dispute under the agreement*  
25              *that—*

1                   (i) encourages compliance with the ob-  
2                   ligations of the agreement;

3                   (ii) is appropriate to the parties, na-  
4                   ture, subject matter, and scope of the viola-  
5                   tion; and

6                   (iii) has the aim of not adversely af-  
7                   fecting parties or interests not party to the  
8                   dispute while maintaining the effectiveness  
9                   of the enforcement mechanism; and

10                  (F) to seek provisions that treat United  
11                  States principal negotiating objectives equally  
12                  with respect to—

13                       (i) the ability to resort to dispute set-  
14                       tlement under the applicable agreement;

15                       (ii) the availability of equivalent dis-  
16                       pute settlement procedures; and

17                       (iii) the availability of equivalent rem-  
18                       edies.

19                  (13) *WTO EXTENDED NEGOTIATIONS.*—The  
20                  principal negotiating objectives of the United States  
21                  regarding trade in civil aircraft are those set forth in  
22                  section 135(c) of the Uruguay Round Agreements Act  
23                  (19 U.S.C. 3355(c)) and regarding rules of origin are  
24                  the conclusion of an agreement described in section  
25                  132 of that Act (19 U.S.C. 3552).

1       (c) *PROMOTION OF CERTAIN PRIORITIES.*—*In order to*  
2 *address and maintain United States competitiveness in the*  
3 *global economy, the President shall—*

4           (1) *seek greater cooperation between the WTO*  
5 *and the ILO;*

6           (2) *seek to establish consultative mechanisms*  
7 *among parties to trade agreements to strengthen the*  
8 *capacity of United States trading partners to promote*  
9 *respect for core labor standards (as defined in section*  
10 *2111(2)), and report to the Committee on Ways and*  
11 *Means of the House of Representatives and the Com-*  
12 *mittee on Finance of the Senate on the content and*  
13 *operation of such mechanisms;*

14           (3) *seek to establish consultative mechanisms*  
15 *among parties to trade agreements to strengthen the*  
16 *capacity of United States trading partners to develop*  
17 *and implement standards for the protection of the en-*  
18 *vironment and human health based on sound science,*  
19 *and report to the Committee on Ways and Means of*  
20 *the House of Representatives and the Committee on*  
21 *Finance of the Senate on the content and operation*  
22 *of such mechanisms;*

23           (4) *conduct environmental reviews of future*  
24 *trade and investment agreements, consistent with Ex-*  
25 *ecutive Order 13141 of November 16, 1999, and its*

1        *relevant guidelines, and report to the Committee on*  
2        *Ways and Means of the House of Representatives and*  
3        *the Committee on Finance of the Senate on such re-*  
4        *views;*

5            *(5) review the impact of future trade agreements*  
6        *on United States employment, modeled after Execu-*  
7        *tive Order 13141, and report to the Committee on*  
8        *Ways and Means of the House of Representatives and*  
9        *the Committee on Finance of the Senate on such re-*  
10       *view;*

11           *(6) take into account other legitimate United*  
12        *States domestic objectives including, but not limited*  
13        *to, the protection of legitimate health or safety, essen-*  
14        *tial security, and consumer interests and the law and*  
15        *regulations related thereto;*

16           *(7) have the Secretary of Labor consult with any*  
17        *country seeking a trade agreement with the United*  
18        *States concerning that country's labor laws and pro-*  
19        *vide technical assistance to that country if needed;*

20           *(8) with respect to any trade agreement which*  
21        *the President seeks to implement under trade authori-*  
22        *ties procedures, submit to the Congress a report de-*  
23        *scribing the extent to which the country or countries*  
24        *that are parties to the agreement have in effect laws*  
25        *governing exploitative child labor;*

1           (9)(A) *preserve the ability of the United States*  
2           *to enforce rigorously its trade laws, including the*  
3           *antidumping and countervailing duty laws, and*  
4           *avoid agreements which lessen the effectiveness of do-*  
5           *mestic and international disciplines on unfair trade,*  
6           *especially dumping and subsidies, in order to ensure*  
7           *that United States workers, agricultural producers,*  
8           *and firms can compete fully on fair terms and enjoy*  
9           *the benefits of reciprocal trade concessions; and*

10          (B) *ensure that United States exports are not*  
11          *subject to the abusive use of trade laws, including*  
12          *antidumping and countervailing duty laws, by other*  
13          *countries.*

14          (10) *continue to promote consideration of multi-*  
15          *lateral environmental agreements and consult with*  
16          *parties to such agreements regarding the consistency*  
17          *of any such agreement that includes trade measures*  
18          *with existing environmental exceptions under Article*  
19          *XX of the GATT 1994;*

20          (11) *report to the Committee on Ways and*  
21          *Means of the House of Representatives and the Com-*  
22          *mittee on Finance of the Senate, not later than 12*  
23          *months after the imposition of a penalty or remedy*  
24          *by the United States permitted by a trade agreement*  
25          *to which this title applies, on the effectiveness of the*

1        *penalty or remedy applied under United States law*  
2        *in enforcing United States rights under the trade*  
3        *agreement; and*

4            *(12) seek to establish consultative mechanisms*  
5        *among parties to trade agreements to examine the*  
6        *trade consequences of significant and unanticipated*  
7        *currency movements and to scrutinize whether a for-*  
8        *ign government engaged in a pattern of manipu-*  
9        *lating its currency to promote a competitive advan-*  
10       *tage in international trade.*

11       *The report under paragraph (11) shall address whether the*  
12       *penalty or remedy was effective in changing the behavior*  
13       *of the targeted party and whether the penalty or remedy*  
14       *had any adverse impact on parties or interests not party*  
15       *to the dispute.*

16       *(d) CONSULTATIONS.—*

17            *(1) CONSULTATIONS WITH CONGRESSIONAL AD-*  
18        *VISERS.—In the course of negotiations conducted*  
19        *under this title, the United States Trade Representa-*  
20        *tive shall consult closely and on a timely basis with,*  
21        *and keep fully apprised of the negotiations, the Con-*  
22        *gressional Oversight Group convened under section*  
23        *2107 and all committees of the House of Representa-*  
24        *tives and the Senate with jurisdiction over laws that*

1       *would be affected by a trade agreement resulting from*  
2       *the negotiations.*

3           (2) *CONSULTATION BEFORE AGREEMENT INI-*  
4       *TIALED.—In the course of negotiations conducted*  
5       *under this title, the United States Trade Representa-*  
6       *tive shall—*

7           (A) *consult closely and on a timely basis*  
8       *(including immediately before initialing an*  
9       *agreement) with, and keep fully apprised of the*  
10       *negotiations, the congressional advisers for trade*  
11       *policy and negotiations appointed under section*  
12       *161 of the Trade Act of 1974 (19 U.S.C. 2211),*  
13       *the Committee on Ways and Means of the House*  
14       *of Representatives, the Committee on Finance of*  
15       *the Senate, and the Congressional Oversight*  
16       *Group convened under section 2107; and*

17          (B) *with regard to any negotiations and*  
18       *agreement relating to agricultural trade, also*  
19       *consult closely and on a timely basis (including*  
20       *immediately before initialing an agreement)*  
21       *with, and keep fully apprised of the negotiations,*  
22       *the Committee on Agriculture of the House of*  
23       *Representatives and the Committee on Agri-*  
24       *culture, Nutrition, and Forestry of the Senate.*

1       (e) *ADHERENCE TO OBLIGATIONS UNDER URUGUAY*  
 2 *ROUND AGREEMENTS.*—*In determining whether to enter*  
 3 *into negotiations with a particular country, the President*  
 4 *shall take into account the extent to which that country has*  
 5 *implemented, or has accelerated the implementation of, its*  
 6 *obligations under the Uruguay Round Agreements.*

7 **SEC. 2103. TRADE AGREEMENTS AUTHORITY.**

8       (a) *AGREEMENTS REGARDING TARIFF BARRIERS.*—  
 9           (1) *IN GENERAL.*—*Whenever the President deter-*  
 10 *mines that one or more existing duties or other im-*  
 11 *port restrictions of any foreign country or the United*  
 12 *States are unduly burdening and restricting the for-*  
 13 *ign trade of the United States and that the purposes,*  
 14 *policies, priorities, and objectives of this title will be*  
 15 *promoted thereby, the President—*

16                   (A) *may enter into trade agreements with*  
 17 *foreign countries before—*

18                           (i) *June 1, 2005; or*

19                           (ii) *June 1, 2007, if trade authorities*  
 20 *procedures are extended under subsection*  
 21 *(c); and*

22                   (B) *may, subject to paragraphs (2) and (3),*  
 23 *proclaim—*

24                           (i) *such modification or continuance of*  
 25 *any existing duty,*



1                   (ii) such continuance of existing duty-  
2                   free or excise treatment, or

3                   (iii) such additional duties,  
4                   as the President determines to be required or ap-  
5                   propriate to carry out any such trade agreement.

6                   The President shall notify the Congress of the Presi-  
7                   dent's intention to enter into an agreement under this  
8                   subsection.

9                   (2) LIMITATIONS.—No proclamation may be  
10                  made under paragraph (1) that—

11                  (A) reduces any rate of duty (other than a  
12                  rate of duty that does not exceed 5 percent ad va-  
13                  lorem on the date of the enactment of this Act)  
14                  to a rate of duty which is less than 50 percent  
15                  of the rate of such duty that applies on such date  
16                  of enactment;

17                  (B) notwithstanding paragraph (6), reduces  
18                  the rate of duty below that applicable under the  
19                  Uruguay Round Agreements, on any agricul-  
20                  tural product which was the subject of tariff re-  
21                  ductions by the United States as a result of the  
22                  Uruguay Round Agreements, for which the rate  
23                  of duty, pursuant to such Agreements, was re-  
24                  duced on January 1, 1995, to a rate which was

1        *not less than 97.5 percent of the rate of duty that*  
 2        *applied to such article on December 31, 1994; or*

3            *(C) increases any rate of duty above the*  
 4        *rate that applied on the date of the enactment of*  
 5        *this Act.*

6        *(3) AGGREGATE REDUCTION; EXEMPTION FROM*  
 7        *STAGING.—*

8            *(A) AGGREGATE REDUCTION.—Except as*  
 9        *provided in subparagraph (B), the aggregate re-*  
 10       *duction in the rate of duty on any article which*  
 11       *is in effect on any day pursuant to a trade*  
 12       *agreement entered into under paragraph (1)*  
 13       *shall not exceed the aggregate reduction which*  
 14       *would have been in effect on such day if—*

15            *(i) a reduction of 3 percent ad valorem*  
 16        *or a reduction of one-tenth of the total re-*  
 17        *duction, whichever is greater, had taken ef-*  
 18        *fect on the effective date of the first reduc-*  
 19        *tion proclaimed under paragraph (1) to*  
 20        *carry out such agreement with respect to*  
 21        *such article; and*

22            *(ii) a reduction equal to the amount*  
 23        *applicable under clause (i) had taken effect*  
 24        *at 1-year intervals after the effective date of*  
 25        *such first reduction.*

1           (B) *EXEMPTION FROM STAGING.*—No stag-  
2           ing is required under subparagraph (A) with re-  
3           spect to a duty reduction that is proclaimed  
4           under paragraph (1) for an article of a kind  
5           that is not produced in the United States. The  
6           United States International Trade Commission  
7           shall advise the President of the identity of arti-  
8           cles that may be exempted from staging under  
9           this subparagraph.

10          (4) *ROUNDING.*—If the President determines that  
11          such action will simplify the computation of reduc-  
12          tions under paragraph (3), the President may round  
13          an annual reduction by an amount equal to the lesser  
14          of—

15                (A) the difference between the reduction  
16                without regard to this paragraph and the next  
17                lower whole number; or

18                (B) one-half of 1 percent *ad valorem*.

19          (5) *OTHER LIMITATIONS.*—A rate of duty reduc-  
20          tion that may not be proclaimed by reason of para-  
21          graph (2) may take effect only if a provision author-  
22          izing such reduction is included within an imple-  
23          menting bill provided for under section 5 and that  
24          bill is enacted into law.

1           (6) *OTHER TARIFF MODIFICATIONS.*—*Notwith-*  
 2           *standing paragraphs (1)(B), (2)(A), (2)(C), and (3)*  
 3           *through (5), and subject to the consultation and lay-*  
 4           *over requirements of section 115 of the Uruguay*  
 5           *Round Agreements Act, the President may proclaim*  
 6           *the modification of any duty or staged rate reduction*  
 7           *of any duty set forth in Schedule XX, as defined in*  
 8           *section 2(5) of that Act, if the United States agrees*  
 9           *to such modification or staged rate reduction in a ne-*  
 10          *gotiation for the reciprocal elimination or harmoni-*  
 11          *zation of duties under the auspices of the World Trade*  
 12          *Organization.*

13           (7) *AUTHORITY UNDER URUGUAY ROUND AGREE-*  
 14          *MENTS ACT NOT AFFECTED.*—*Nothing in this sub-*  
 15          *section shall limit the authority provided to the Presi-*  
 16          *dent under section 111(b) of the Uruguay Round*  
 17          *Agreements Act (19 U.S.C. 3521(b)).*

18          (b) *AGREEMENTS REGARDING TARIFF AND NONTARIFF*  
 19          *BARRIERS.*—

20           (1) *IN GENERAL.*—(A) *Whenever the President*  
 21          *determines that—*

22                   (i) *one or more existing duties or any other*  
 23                   *import restriction of any foreign country or the*  
 24                   *United States or any other barrier to, or other*  
 25                   *distortion of, international trade unduly burdens*

1           *or restricts the foreign trade of the United States*  
2           *or adversely affects the United States economy;*  
3           *or*

4                 *(ii) the imposition of any such barrier or*  
5                 *distortion is likely to result in such a burden, re-*  
6                 *striction, or effect;*

7           *and that the purposes, policies, priorities, and objec-*  
8           *tives of this title will be promoted thereby, the Presi-*  
9           *dent may enter into a trade agreement described in*  
10          *subparagraph (B) during the period described in sub-*  
11          *paragraph (C).*

12                 *(B) The President may enter into a trade agree-*  
13                 *ment under subparagraph (A) with foreign countries*  
14                 *providing for—*

15                         *(i) the reduction or elimination of a duty,*  
16                         *restriction, barrier, or other distortion described*  
17                         *in subparagraph (A), or*

18                         *(ii) the prohibition of, or limitation on the*  
19                         *imposition of, such barrier or other distortion.*

20                 *(C) The President may enter into a trade agree-*  
21                 *ment under this paragraph before—*

22                         *(i) June 1, 2005; or*

23                         *(ii) June 1, 2007, if trade authorities proce-*  
24                         *dures are extended under subsection (c).*

1           (2) *CONDITIONS.*—*A trade agreement may be en-*  
 2           *tered into under this subsection only if such agree-*  
 3           *ment makes progress in meeting the applicable objec-*  
 4           *tives described in section 2102(a) and (b) and the*  
 5           *President satisfies the conditions set forth in section*  
 6           *2104.*

7           (3) *BILLS QUALIFYING FOR TRADE AUTHORITIES*  
 8           *PROCEDURES.*—(A) *The provisions of section 151 of*  
 9           *the Trade Act of 1974 (in this title referred to as*  
 10           *“trade authorities procedures”) apply to a bill of ei-*  
 11           *ther House of Congress which contains provisions de-*  
 12           *scribed in subparagraph (B) to the same extent as*  
 13           *such section 151 applies to implementing bills under*  
 14           *that section. A bill to which this paragraph applies*  
 15           *shall hereafter in this title be referred to as an “im-*  
 16           *plementing bill”.*

17           (B) *The provisions referred to in subparagraph*  
 18           (A) *are—*

19                   (i) *a provision approving a trade agreement*  
 20                   *entered into under this subsection and approving*  
 21                   *the statement of administrative action, if any,*  
 22                   *proposed to implement such trade agreement;*  
 23                   *and*

24                   (ii) *if changes in existing laws or new stat-*  
 25                   *utory authority are required to implement such*

1           *trade agreement or agreements, provisions, nec-*  
 2           *essary or appropriate to implement such trade*  
 3           *agreement or agreements, either repealing or*  
 4           *amending existing laws or providing new statu-*  
 5           *tory authority.*

6           (c) *EXTENSION DISAPPROVAL PROCESS FOR CONGRES-*  
 7           *SIONAL TRADE AUTHORITIES PROCEDURES.—*

8           (1) *IN GENERAL.—Except as provided in section*  
 9           *2105(b)—*

10                   (A) *the trade authorities procedures apply*  
 11                   *to implementing bills submitted with respect to*  
 12                   *trade agreements entered into under subsection*  
 13                   *(b) before July 1, 2005; and*

14                   (B) *the trade authorities procedures shall be*  
 15                   *extended to implementing bills submitted with*  
 16                   *respect to trade agreements entered into under*  
 17                   *subsection (b) after June 30, 2005, and before*  
 18                   *July 1, 2007, if (and only if)—*

19                           (i) *the President requests such exten-*  
 20                           *sion under paragraph (2); and*

21                           (ii) *neither House of the Congress*  
 22                           *adopts an extension disapproval resolution*  
 23                           *under paragraph (5) before June 1, 2005.*

24           (2) *REPORT TO CONGRESS BY THE PRESI-*  
 25           *DENT.—If the President is of the opinion that the*

1 *trade authorities procedures should be extended to im-*  
2 *plementing bills described in paragraph (1)(B), the*  
3 *President shall submit to the Congress, not later than*  
4 *March 1, 2005, a written report that contains a re-*  
5 *quest for such extension, together with—*

6 *(A) a description of all trade agreements*  
7 *that have been negotiated under subsection (b)*  
8 *and the anticipated schedule for submitting such*  
9 *agreements to the Congress for approval;*

10 *(B) a description of the progress that has*  
11 *been made in negotiations to achieve the pur-*  
12 *poses, policies, priorities, and objectives of this*  
13 *title, and a statement that such progress justifies*  
14 *the continuation of negotiations; and*

15 *(C) a statement of the reasons why the ex-*  
16 *tension is needed to complete the negotiations.*

17 *(3) REPORT TO CONGRESS BY THE ADVISORY*  
18 *COMMITTEE.—The President shall promptly inform*  
19 *the Advisory Committee for Trade Policy and Nego-*  
20 *tiations established under section 135 of the Trade*  
21 *Act of 1974 (19 U.S.C. 2155) of the President’s deci-*  
22 *sion to submit a report to the Congress under para-*  
23 *graph (2). The Advisory Committee shall submit to*  
24 *the Congress as soon as practicable, but not later than*  
25 *May 1, 2005, a written report that contains—*



1           (A) *its views regarding the progress that*  
 2           *has been made in negotiations to achieve the*  
 3           *purposes, policies, priorities, and objectives of*  
 4           *this title; and*

5           (B) *a statement of its views, and the rea-*  
 6           *sons therefor, regarding whether the extension re-*  
 7           *quested under paragraph (2) should be approved*  
 8           *or disapproved.*

9           (4) *STATUS OF REPORTS.—The reports sub-*  
 10          *mitted to the Congress under paragraphs (2) and (3),*  
 11          *or any portion of such reports, may be classified to*  
 12          *the extent the President determines appropriate.*

13          (5) *EXTENSION DISAPPROVAL RESOLUTIONS.—*  
 14          (A) *For purposes of paragraph (1), the term “exten-*  
 15          *sion disapproval resolution” means a resolution of ei-*  
 16          *ther House of the Congress, the sole matter after the*  
 17          *resolving clause of which is as follows: “That the \_\_\_\_\_*  
 18          *disapproves the request of the President for the exten-*  
 19          *sion, under section 2103(c)(1)(B)(i) of the Bipartisan*  
 20          *Trade Promotion Authority Act of 2002, of the trade*  
 21          *authorities procedures under that Act to any imple-*  
 22          *menting bill submitted with respect to any trade*  
 23          *agreement entered into under section 2103(b) of that*  
 24          *Act after June 30, 2005.”, with the blank space being*

1     *filled with the name of the resolving House of the*  
2     *Congress.*

3             *(B) Extension disapproval resolutions—*

4                 *(i) may be introduced in either House of the*  
5             *Congress by any member of such House; and*

6                 *(ii) shall be referred, in the House of Rep-*  
7             *resentatives, to the Committee on Ways and*  
8             *Means and, in addition, to the Committee on*  
9             *Rules.*

10            *(C) The provisions of section 152(d) and (e) of*  
11     *the Trade Act of 1974 (19 U.S.C. 2192(d) and (e))*  
12     *(relating to the floor consideration of certain resolu-*  
13     *tions in the House and Senate) apply to extension*  
14     *disapproval resolutions.*

15            *(D) It is not in order for—*

16                 *(i) the Senate to consider any extension dis-*  
17             *approval resolution not reported by the Com-*  
18             *mittee on Finance;*

19                 *(ii) the House of Representatives to consider*  
20             *any extension disapproval resolution not re-*  
21             *ported by the Committee on Ways and Means*  
22             *and, in addition, by the Committee on Rules; or*

23                 *(iii) either House of the Congress to con-*  
24             *sider an extension disapproval resolution after*  
25             *June 30, 2005.*

1       (d) *COMMENCEMENT OF NEGOTIATIONS.*—*In order to*  
2 *contribute to the continued economic expansion of the*  
3 *United States, the President shall commence negotiations*  
4 *covering tariff and nontariff barriers affecting any indus-*  
5 *try, product, or service sector, and expand existing sectoral*  
6 *agreements to countries that are not parties to those agree-*  
7 *ments, in cases where the President determines that such*  
8 *negotiations are feasible and timely and would benefit the*  
9 *United States. Such sectors include agriculture, commercial*  
10 *services, intellectual property rights, industrial and capital*  
11 *goods, government procurement, information technology*  
12 *products, environmental technology and services, medical*  
13 *equipment and services, civil aircraft, and infrastructure*  
14 *products. In so doing, the President shall take into account*  
15 *all of the principal negotiating objectives set forth in section*  
16 *2102(b).*

17 **SEC. 2104. CONSULTATIONS AND ASSESSMENT.**

18       (a) *NOTICE AND CONSULTATION BEFORE NEGOTIA-*  
19 *TION.*—*The President, with respect to any agreement that*  
20 *is subject to the provisions of section 2103(b), shall—*

21               (1) *provide, at least 90 calendar days before ini-*  
22 *tiating negotiations, written notice to the Congress of*  
23 *the President’s intention to enter into the negotiations*  
24 *and set forth therein the date the President intends to*  
25 *initiate such negotiations, the specific United States*

1 *objectives for the negotiations, and whether the Presi-*  
 2 *dent intends to seek an agreement, or changes to an*  
 3 *existing agreement;*

4 *(2) before and after submission of the notice, con-*  
 5 *sult regarding the negotiations with the Committee on*  
 6 *Finance of the Senate and the Committee on Ways*  
 7 *and Means of the House of Representatives, such other*  
 8 *committees of the House and Senate as the President*  
 9 *deems appropriate, and the Congressional Oversight*  
 10 *group convened under section 2107; and*

11 *(3) upon the request of a majority of the mem-*  
 12 *bers of the Congressional Oversight Group under sec-*  
 13 *tion 2107(c), meet with the Congressional Oversight*  
 14 *Group before initiating the negotiations or at any*  
 15 *other time concerning the negotiations.*

16 *(b) NEGOTIATIONS REGARDING AGRICULTURE.—*

17 *(1) IN GENERAL.—Before initiating or con-*  
 18 *tinuing negotiations the subject matter of which is di-*  
 19 *rectly related to the subject matter under section*  
 20 *2102(b)(10)(A)(i) with any country, the President*  
 21 *shall assess whether United States tariffs on agricul-*  
 22 *tural products that were bound under the Uruguay*  
 23 *Round Agreements are lower than the tariffs bound*  
 24 *by that country. In addition, the President shall con-*  
 25 *sider whether the tariff levels bound and applied*

1       *throughout the world with respect to imports from the*  
 2       *United States are higher than United States tariffs*  
 3       *and whether the negotiation provides an opportunity*  
 4       *to address any such disparity. The President shall*  
 5       *consult with the Committee on Ways and Means and*  
 6       *the Committee on Agriculture of the House of Rep-*  
 7       *resentatives and the Committee on Finance and the*  
 8       *Committee on Agriculture, Nutrition, and Forestry of*  
 9       *the Senate concerning the results of the assessment,*  
 10       *whether it is appropriate for the United States to*  
 11       *agree to further tariff reductions based on the conclu-*  
 12       *sions reached in the assessment, and how all applica-*  
 13       *ble negotiating objectives will be met.*

14               (2) *SPECIAL CONSULTATIONS ON IMPORT SEN-*  
 15       *SITIVE PRODUCTS.—(A) Before initiating negotiations*  
 16       *with regard to agriculture, and, with respect to the*  
 17       *Free Trade Area for the Americas and negotiations*  
 18       *with regard to agriculture under the auspices of the*  
 19       *World Trade Organization, as soon as practicable*  
 20       *after the enactment of this Act, the United States*  
 21       *Trade Representative shall—*

22                       (i) *identify those agricultural products sub-*  
 23       *ject to tariff reductions by the United States as*  
 24       *a result of the Uruguay Round Agreements, for*  
 25       *which the rate of duty was reduced on January*

1           1, 1995, to a rate which was not less than 97.5  
2           percent of the rate of duty that applied to such  
3           article on December 31, 1994;

4           (ii) consult with the Committee on Ways  
5           and Means and the Committee on Agriculture of  
6           the House of Representatives and the Committee  
7           on Finance and the Committee on Agriculture,  
8           Nutrition, and Forestry of the Senate  
9           concerning—

10           (I) whether any further tariff reduc-  
11           tions on the products identified under  
12           clause (i) should be appropriate, taking into  
13           account the impact of any such tariff reduc-  
14           tion on the United States industry pro-  
15           ducing the product concerned; and

16           (II) whether the products so identified  
17           face unjustified sanitary or phytosanitary  
18           restrictions, including those not based on  
19           scientific principles in contravention of the  
20           Uruguay Round Agreements;

21           (iii) request that the International Trade  
22           Commission prepare an assessment of the prob-  
23           able economic effects of any such tariff reduction  
24           on the United States industry producing the

1        *product concerned and on the United States*  
2        *economy as a whole; and*

3                *(iv) upon complying with clauses (i), (ii),*  
4        *and (iii), notify the Committee on Ways and*  
5        *Means and the Committee on Agriculture of the*  
6        *House of Representatives and the Committee on*  
7        *Finance and the Committee on Agriculture, Nu-*  
8        *trition, and Forestry of the Senate of those prod-*  
9        *ucts identified under clause (i) for which the*  
10       *Trade Representative intends to seek tariff liber-*  
11       *alization in the negotiations and the reasons for*  
12       *seeking such tariff liberalization.*

13        *(B) If, after negotiations described in subpara-*  
14       *graph (A) are commenced—*

15                *(i) the United States Trade Representative*  
16       *identifies any additional agricultural product*  
17       *described in subparagraph (A)(i) for tariff re-*  
18       *ductions which were not the subject of a notifica-*  
19       *tion under subparagraph (A)(iv), or*

20                *(ii) any additional agricultural product de-*  
21       *scribed in subparagraph (A)(i) is the subject of*  
22       *a request for tariff reductions by a party to the*  
23       *negotiations,*

24       *the Trade Representative shall, as soon as practicable,*  
25       *notify the committees referred to in subparagraph*

1       (A)(iv) of those products and the reasons for seeking  
2       such tariff reductions.

3       (c) *NEGOTIATIONS REGARDING TEXTILES.*—Before  
4       initiating or continuing negotiations the subject matter of  
5       which is directly related to textiles and apparel products  
6       with any country, the President shall assess whether United  
7       States tariffs on textile and apparel products that were  
8       bound under the Uruguay Round Agreements are lower  
9       than the tariffs bound by that country and whether the ne-  
10      gotiation provides an opportunity to address any such dis-  
11      parity. The President shall consult with the Committee on  
12      Ways and Means of the House of Representatives and the  
13      Committee on Finance of the Senate concerning the results  
14      of the assessment, whether it is appropriate for the United  
15      States to agree to further tariff reductions based on the con-  
16      clusions reached in the assessment, and how all applicable  
17      negotiating objectives will be met.

18      (d) *CONSULTATION WITH CONGRESS BEFORE AGREE-*  
19      *MENTS ENTERED INTO.*—

20           (1) *CONSULTATION.*—Before entering into any  
21      trade agreement under section 2103(b), the President  
22      shall consult with—

23           (A) the Committee on Ways and Means of  
24           the House of Representatives and the Committee  
25           on Finance of the Senate;



1                   (B) each other committee of the House and  
 2                   the Senate, and each joint committee of the Con-  
 3                   gress, which has jurisdiction over legislation in-  
 4                   volving subject matters which would be affected  
 5                   by the trade agreement; and

6                   (C) the Congressional Oversight Group con-  
 7                   vened under section 2107.

8                   (2) *SCOPE.*—The consultation described in para-  
 9                   graph (1) shall include consultation with respect to—

10                   (A) the nature of the agreement;

11                   (B) how and to what extent the agreement  
 12                   will achieve the applicable purposes, policies,  
 13                   priorities, and objectives of this title; and

14                   (C) the implementation of the agreement  
 15                   under section 2105, including the general effect  
 16                   of the agreement on existing laws.

17                   (e) *ADVISORY COMMITTEE REPORTS.*—The report re-  
 18                   quired under section 135(e)(1) of the Trade Act of 1974 re-  
 19                   garding any trade agreement entered into under section  
 20                   2103(a) or (b) of this Act shall be provided to the President,  
 21                   the Congress, and the United States Trade Representative  
 22                   not later than 30 days after the date on which the President  
 23                   notifies the Congress under section 2103(a)(1) or  
 24                   2105(a)(1)(A) of the President’s intention to enter into the  
 25                   agreement.

1       (f) *ITC ASSESSMENT.*—

2               (1) *IN GENERAL.*—*The President, at least 90 cal-*  
3       *endar days before the day on which the President en-*  
4       *ters into a trade agreement under section 2103(b),*  
5       *shall provide the International Trade Commission*  
6       *(referred to in this subsection as “the Commission”)*  
7       *with the details of the agreement as it exists at that*  
8       *time and request the Commission to prepare and sub-*  
9       *mit an assessment of the agreement as described in*  
10       *paragraph (2). Between the time the President makes*  
11       *the request under this paragraph and the time the*  
12       *Commission submits the assessment, the President*  
13       *shall keep the Commission current with respect to the*  
14       *details of the agreement.*

15              (2) *ITC ASSESSMENT.*—*Not later than 90 cal-*  
16       *endar days after the President enters into the agree-*  
17       *ment, the Commission shall submit to the President*  
18       *and the Congress a report assessing the likely impact*  
19       *of the agreement on the United States economy as a*  
20       *whole and on specific industry sectors, including the*  
21       *impact the agreement will have on the gross domestic*  
22       *product, exports and imports, aggregate employment*  
23       *and employment opportunities, the production, em-*  
24       *ployment, and competitive position of industries like-*

1 *ly to be significantly affected by the agreement, and*  
 2 *the interests of United States consumers.*

3 (3) *REVIEW OF EMPIRICAL LITERATURE.—In*  
 4 *preparing the assessment, the Commission shall re-*  
 5 *view available economic assessments regarding the*  
 6 *agreement, including literature regarding any sub-*  
 7 *stantially equivalent proposed agreement, and shall*  
 8 *provide in its assessment a description of the analyses*  
 9 *used and conclusions drawn in such literature, and a*  
 10 *discussion of areas of consensus and divergence be-*  
 11 *tween the various analyses and conclusions, including*  
 12 *those of the Commission regarding the agreement.*

13 **SEC. 2105. IMPLEMENTATION OF TRADE AGREEMENTS.**

14 (a) *IN GENERAL.—*

15 (1) *NOTIFICATION AND SUBMISSION.—Any agree-*  
 16 *ment entered into under section 2103(b) shall enter*  
 17 *into force with respect to the United States if (and*  
 18 *only if)—*

19 (A) *the President, at least 90 calendar days*  
 20 *before the day on which the President enters into*  
 21 *the trade agreement, notifies the House of Rep-*  
 22 *resentatives and the Senate of the President's in-*  
 23 *tention to enter into the agreement, and prompt-*  
 24 *ly thereafter publishes notice of such intention in*  
 25 *the Federal Register;*

1           (B) *within 60 days after entering into the*  
2           *agreement, the President submits to the Congress*  
3           *a description of those changes to existing laws*  
4           *that the President considers would be required in*  
5           *order to bring the United States into compliance*  
6           *with the agreement;*

7           (C) *after entering into the agreement, the*  
8           *President submits to the Congress, on a day on*  
9           *which both Houses of Congress are in session, a*  
10          *copy of the final legal text of the agreement, to-*  
11          *gether with—*

12               (i) *a draft of an implementing bill de-*  
13               *scribed in section 2103(b)(3);*

14               (ii) *a statement of any administrative*  
15               *action proposed to implement the trade*  
16               *agreement; and*

17               (iii) *the supporting information de-*  
18               *scribed in paragraph (2); and*

19           (D) *the implementing bill is enacted into*  
20          *law.*

21          (2) *SUPPORTING INFORMATION.—The supporting*  
22          *information required under paragraph (1)(C)(iii)*  
23          *consists of—*

1           (A) an explanation as to how the imple-  
2           menting bill and proposed administrative action  
3           will change or affect existing law; and

4           (B) a statement—

5                 (i) asserting that the agreement makes  
6                 progress in achieving the applicable pur-  
7                 poses, policies, priorities, and objectives of  
8                 this title; and

9                 (ii) setting forth the reasons of the  
10                President regarding—

11                         (I) how and to what extent the  
12                         agreement makes progress in achieving  
13                         the applicable purposes, policies, and  
14                         objectives referred to in clause (i);

15                         (II) whether and how the agree-  
16                         ment changes provisions of an agree-  
17                         ment previously negotiated;

18                         (III) how the agreement serves the  
19                         interests of United States commerce;

20                         (IV) how the implementing bill  
21                         meets the standards set forth in section  
22                         2103(b)(3); and

23                         (V) how and to what extent the  
24                         agreement makes progress in achieving  
25                         the applicable purposes, policies, and

1                   *objectives referred to in section 2102(c)*  
2                   *regarding the promotion of certain pri-*  
3                   *orities.*

4                   (3) *RECIPROCAL BENEFITS.—In order to ensure*  
5                   *that a foreign country that is not a party to a trade*  
6                   *agreement entered into under section 2103(b) does not*  
7                   *receive benefits under the agreement unless the coun-*  
8                   *try is also subject to the obligations under the agree-*  
9                   *ment, the implementing bill submitted with respect to*  
10                  *the agreement shall provide that the benefits and obli-*  
11                  *gations under the agreement apply only to the parties*  
12                  *to the agreement, if such application is consistent*  
13                  *with the terms of the agreement. The implementing*  
14                  *bill may also provide that the benefits and obligations*  
15                  *under the agreement do not apply uniformly to all*  
16                  *parties to the agreement, if such application is con-*  
17                  *sistent with the terms of the agreement.*

18                  (b) *LIMITATIONS ON TRADE AUTHORITIES PROCE-*  
19                  *DURES.—*

20                  (1) *FOR LACK OF NOTICE OR CONSULTATIONS.—*

21                         (A) *IN GENERAL.—The trade authorities*  
22                         *procedures shall not apply to any implementing*  
23                         *bill submitted with respect to a trade agreement*  
24                         *or trade agreements entered into under section*  
25                         *2103(b) if during the 60-day period beginning*

1       *on the date that one House of Congress agrees to*  
2       *a procedural disapproval resolution for lack of*  
3       *notice or consultations with respect to such trade*  
4       *agreement or agreements, the other House sepa-*  
5       *rately agrees to a procedural disapproval resolu-*  
6       *tion with respect to such trade agreement or*  
7       *agreements.*

8               *(B) PROCEDURAL DISAPPROVAL RESOLU-*  
9       *TION.—(i) For purposes of this paragraph, the*  
10       *term “procedural disapproval resolution” means*  
11       *a resolution of either House of Congress, the sole*  
12       *matter after the resolving clause of which is as*  
13       *follows: “That the President has failed or refused*  
14       *to notify or consult in accordance with the Bi-*  
15       *partisan Trade Promotion Authority Act of 2002*  
16       *on negotiations with respect to \_\_\_\_\_*  
17       *and, therefore, the trade authorities procedures*  
18       *under that Act shall not apply to any imple-*  
19       *menting bill submitted with respect to such trade*  
20       *agreement or agreements.”, with the blank space*  
21       *being filled with a description of the trade agree-*  
22       *ment or agreements with respect to which the*  
23       *President is considered to have failed or refused*  
24       *to notify or consult.*

1           (ii) For purposes of clause (i), the President  
2       has “failed or refused to notify or consult in ac-  
3       cordance with the Bipartisan Trade Promotion  
4       Authority Act of 2002” on negotiations with re-  
5       spect to a trade agreement or trade agreements  
6       if—

7           (I) the President has failed or refused  
8       to consult (as the case may be) in accord-  
9       ance with section 2104 or 2105 with respect  
10      to the negotiations, agreement, or agree-  
11      ments;

12          (II) guidelines under section 2107(b)  
13      have not been developed or met with respect  
14      to the negotiations, agreement, or agree-  
15      ments;

16          (III) the President has not met with  
17      the Congressional Oversight Group pursu-  
18      ant to a request made under section 2107(c)  
19      with respect to the negotiations, agreement,  
20      or agreements; or

21          (IV) the agreement or agreements fail  
22      to make progress in achieving the purposes,  
23      policies, priorities, and objectives of this  
24      title.



1           (2) *PROCEDURES FOR CONSIDERING RESOLU-*  
2           *TIONS.—(A) Procedural disapproval resolutions—*

3                     *(i) in the House of Representatives—*

4                             *(I) may be introduced by any Member*  
5                             *of the House;*

6                             *(II) shall be referred to the Committee*  
7                             *on Ways and Means and, in addition, to*  
8                             *the Committee on Rules; and*

9                             *(III) may not be amended by either*  
10                            *Committee; and*

11                           *(ii) in the Senate may be introduced by any*  
12                            *Member of the Senate.*

13           *(B) The provisions of section 152(d) and (e) of*  
14           *the Trade Act of 1974 (19 U.S.C. 2192(d) and (e))*  
15           *(relating to the floor consideration of certain resolu-*  
16           *tions in the House and Senate) apply to a procedural*  
17           *disapproval resolution introduced with respect to a*  
18           *trade agreement if no other procedural disapproval*  
19           *resolution with respect to that trade agreement has*  
20           *previously been considered under such provisions of*  
21           *section 152 of the Trade Act of 1974 in that House*  
22           *of Congress during that Congress.*

23           *(C) It is not in order for the House of Represent-*  
24           *atives to consider any procedural disapproval resolu-*

1        *tion not reported by the Committee on Ways and*  
 2        *Means and, in addition, by the Committee on Rules.*

3        *(c) RULES OF HOUSE OF REPRESENTATIVES AND SEN-*  
 4        *ATE.—Subsection (b) of this section and section 2103(c) are*  
 5        *enacted by the Congress—*

6                *(1) as an exercise of the rulemaking power of the*  
 7        *House of Representatives and the Senate, respectively,*  
 8        *and as such are deemed a part of the rules of each*  
 9        *House, respectively, and such procedures supersede*  
 10        *other rules only to the extent that they are incon-*  
 11        *sistent with such other rules; and*

12                *(2) with the full recognition of the constitutional*  
 13        *right of either House to change the rules (so far as re-*  
 14        *lating to the procedures of that House) at any time,*  
 15        *in the same manner, and to the same extent as any*  
 16        *other rule of that House.*

17        **SEC. 2106. TREATMENT OF CERTAIN TRADE AGREEMENTS**  
 18                        **FOR WHICH NEGOTIATIONS HAVE ALREADY**  
 19                        **BEGUN.**

20        *(a) CERTAIN AGREEMENTS.—Notwithstanding section*  
 21        *2103(b)(2), if an agreement to which section 2103(b)*  
 22        *applies—*

23                *(1) is entered into under the auspices of the*  
 24        *World Trade Organization,*

25                *(2) is entered into with Chile,*

1           (3) *is entered into with Singapore, or*

2           (4) *establishes a Free Trade Area for the Amer-*

3           *icas,*

4           *and results from negotiations that were commenced before*

5           *the date of the enactment of this Act, subsection (b) shall*

6           *apply.*

7           (b) *TREATMENT OF AGREEMENTS.—In the case of any*

8           *agreement to which subsection (a) applies—*

9           (1) *the applicability of the trade authorities pro-*

10          *cedures to implementing bills shall be determined*

11          *without regard to the requirements of section 2104(a)*

12          *(relating only to 90 days notice prior to initiating*

13          *negotiations), and any procedural disapproval resolu-*

14          *tion under section 2105(b)(1)(B) shall not be in order*

15          *on the basis of a failure or refusal to comply with the*

16          *provisions of section 2104(a); and*

17          (2) *the President shall, as soon as feasible after*

18          *the enactment of this Act—*

19               (A) *notify the Congress of the negotiations*

20               *described in subsection (a), the specific United*

21               *States objectives in the negotiations, and whether*

22               *the President is seeking a new agreement or*

23               *changes to an existing agreement; and*

24               (B) *before and after submission of the no-*

25               *tice, consult regarding the negotiations with the*

1           committees referred to in section 2104(a)(2) and  
2           the Congressional Oversight Group.

3 **SEC. 2107. CONGRESSIONAL OVERSIGHT GROUP.**

4           (a) *MEMBERS AND FUNCTIONS.*—

5           (1) *IN GENERAL.*—By not later than 60 days  
6           after the date of the enactment of this Act, and not  
7           later than 30 days after the convening of each Con-  
8           gress, the chairman of the Committee on Ways and  
9           Means of the House of Representatives and the chair-  
10          man of the Committee on Finance of the Senate shall  
11          convene the Congressional Oversight Group.

12          (2) *MEMBERSHIP FROM THE HOUSE.*—In each  
13          Congress, the Congressional Oversight Group shall be  
14          comprised of the following Members of the House of  
15          Representatives:

16                (A) *The chairman and ranking member of*  
17                *the Committee on Ways and Means, and 3 addi-*  
18                *tional members of such Committee (not more*  
19                *than 2 of whom are members of the same polit-*  
20                *ical party).*

21                (B) *The chairman and ranking member, or*  
22                *their designees, of the committees of the House of*  
23                *Representatives which would have, under the*  
24                *Rules of the House of Representatives, jurisdic-*  
25                *tion over provisions of law affected by a trade*

1       *agreement negotiations for which are conducted*  
2       *at any time during that Congress and to which*  
3       *this title would apply.*

4       (3) *MEMBERSHIP FROM THE SENATE.—In each*  
5       *Congress, the Congressional Oversight Group shall*  
6       *also be comprised of the following members of the Sen-*  
7       *ate:*

8               (A) *The chairman and ranking Member of*  
9               *the Committee on Finance and 3 additional*  
10              *members of such Committee (not more than 2 of*  
11              *whom are members of the same political party).*

12             (B) *The chairman and ranking member, or*  
13             *their designees, of the committees of the Senate*  
14             *which would have, under the Rules of the Senate,*  
15             *jurisdiction over provisions of law affected by a*  
16             *trade agreement negotiations for which are con-*  
17             *ducted at any time during that Congress and to*  
18             *which this title would apply.*

19       (4) *ACCREDITATION.—Each member of the Con-*  
20       *gressional Oversight Group described in paragraph*  
21       *(2)(A) and (3)(A) shall be accredited by the United*  
22       *States Trade Representative on behalf of the President*  
23       *as official advisers to the United States delegation in*  
24       *negotiations for any trade agreement to which this*  
25       *title applies. Each member of the Congressional Over-*

1 *sight Group described in paragraph (2)(B) and*  
2 *(3)(B) shall be accredited by the United States Trade*  
3 *Representative on behalf of the President as official*  
4 *advisers to the United States delegation in the nego-*  
5 *tiations by reason of which the member is in the Con-*  
6 *gressional Oversight Group. The Congressional Over-*  
7 *sight Group shall consult with and provide advice to*  
8 *the Trade Representative regarding the formulation of*  
9 *specific objectives, negotiating strategies and posi-*  
10 *tions, the development of the applicable trade agree-*  
11 *ment, and compliance and enforcement of the nego-*  
12 *tiated commitments under the trade agreement.*

13 *(5) CHAIR.—The Congressional Oversight Group*  
14 *shall be chaired by the Chairman of the Committee on*  
15 *Ways and Means of the House of Representatives and*  
16 *the Chairman of the Committee on Finance of the*  
17 *Senate.*

18 *(b) GUIDELINES.—*

19 *(1) PURPOSE AND REVISION.—The United States*  
20 *Trade Representative, in consultation with the chair-*  
21 *men and ranking minority members of the Committee*  
22 *on Ways and Means of the House of Representatives*  
23 *and the Committee on Finance of the Senate—*

24 *(A) shall, within 120 days after the date of*  
25 *the enactment of this Act, develop written guide-*

1        *lines to facilitate the useful and timely exchange*  
2        *of information between the Trade Representative*  
3        *and the Congressional Oversight Group estab-*  
4        *lished under this section; and*

5                *(B) may make such revisions to the guide-*  
6        *lines as may be necessary from time to time.*

7        *(2) CONTENT.—The guidelines developed under*  
8        *paragraph (1) shall provide for, among other*  
9        *things—*

10                *(A) regular, detailed briefings of the Con-*  
11        *gressional Oversight Group regarding negoti-*  
12        *ating objectives, including the promotion of cer-*  
13        *tain priorities referred to in section 2102(c), and*  
14        *positions and the status of the applicable nego-*  
15        *tiations, beginning as soon as practicable after*  
16        *the Congressional Oversight Group is convened,*  
17        *with more frequent briefings as trade negotia-*  
18        *tions enter the final stage;*

19                *(B) access by members of the Congressional*  
20        *Oversight Group, and staff with proper security*  
21        *clearances, to pertinent documents relating to the*  
22        *negotiations, including classified materials;*

23                *(C) the closest practicable coordination be-*  
24        *tween the Trade Representative and the Congres-*  
25        *sional Oversight Group at all critical periods*

1           *during the negotiations, including at negotiation*  
 2           *sites; and*

3                     *(D) after the applicable trade agreement is*  
 4           *concluded, consultation regarding ongoing com-*  
 5           *pliance and enforcement of negotiated commit-*  
 6           *ments under the trade agreement.*

7           *(c) REQUEST FOR MEETING.—Upon the request of a*  
 8           *majority of the Congressional Oversight Group, the Presi-*  
 9           *dent shall meet with the Congressional Oversight Group be-*  
 10          *fore initiating negotiations with respect to a trade agree-*  
 11          *ment, or at any other time concerning the negotiations.*

12   **SEC. 2108. ADDITIONAL IMPLEMENTATION AND ENFORCE-**  
 13                     **MENT REQUIREMENTS.**

14           *(a) IN GENERAL.—At the time the President submits*  
 15          *to the Congress the final text of an agreement pursuant to*  
 16          *section 2105(a)(1)(C), the President shall also submit a*  
 17          *plan for implementing and enforcing the agreement. The*  
 18          *implementation and enforcement plan shall include the fol-*  
 19          *lowing:*

20                     *(1) BORDER PERSONNEL REQUIREMENTS.—A de-*  
 21          *scription of additional personnel required at border*  
 22          *entry points, including a list of additional customs*  
 23          *and agricultural inspectors.*

24                     *(2) AGENCY STAFFING REQUIREMENTS.—A de-*  
 25          *scription of additional personnel required by Federal*



1        *agencies responsible for monitoring and implementing*  
 2        *the trade agreement, including personnel required by*  
 3        *the Office of the United States Trade Representative,*  
 4        *the Department of Commerce, the Department of Ag-*  
 5        *riculture (including additional personnel required to*  
 6        *implement sanitary and phytosanitary measures in*  
 7        *order to obtain market access for United States ex-*  
 8        *ports), the Department of the Treasury, and such*  
 9        *other agencies as may be necessary.*

10            (3) *CUSTOMS INFRASTRUCTURE REQUIRE-*  
 11        *MENTS.—A description of the additional equipment*  
 12        *and facilities needed by the United States Customs*  
 13        *Service.*

14            (4) *IMPACT ON STATE AND LOCAL GOVERN-*  
 15        *MENTS.—A description of the impact the trade agree-*  
 16        *ment will have on State and local governments as a*  
 17        *result of increases in trade.*

18            (5) *COST ANALYSIS.—An analysis of the costs as-*  
 19        *sociated with each of the items listed in paragraphs*  
 20        *(1) through (4).*

21            (b) *BUDGET SUBMISSION.—The President shall in-*  
 22        *clude a request for the resources necessary to support the*  
 23        *plan described in subsection (a) in the first budget that the*  
 24        *President submits to the Congress after the submission of*  
 25        *the plan.*

1 **SEC. 2109. COMMITTEE STAFF.**

2       *The grant of trade promotion authority under this title*  
 3 *is likely to increase the activities of the primary committees*  
 4 *of jurisdiction in the area of international trade. In addi-*  
 5 *tion, the creation of the Congressional Oversight Group*  
 6 *under section 2107 will increase the participation of a*  
 7 *broader number of Members of Congress in the formulation*  
 8 *of United States trade policy and oversight of the inter-*  
 9 *national trade agenda for the United States. The primary*  
 10 *committees of jurisdiction should have adequate staff to ac-*  
 11 *commodate these increases in activities.*

12 **SEC. 2110. CONFORMING AMENDMENTS.**

13       *(a) IN GENERAL.—Title I of the Trade Act of 1974*  
 14 *(19 U.S.C. 2111 et seq.) is amended as follows:*

15               *(1) IMPLEMENTING BILL.—*

16                       *(A) Section 151(b)(1) (19 U.S.C.*  
 17 *2191(b)(1)) is amended by striking “section*  
 18 *1103(a)(1) of the Omnibus Trade and Competi-*  
 19 *tiveness Act of 1988, or section 282 of the Uru-*  
 20 *guay Round Agreements Act” and inserting “sec-*  
 21 *tion 282 of the Uruguay Round Agreements Act,*  
 22 *or section 2105(a)(1) of the Bipartisan Trade*  
 23 *Promotion Authority Act of 2002”.*

24                       *(B) Section 151(c)(1) (19 U.S.C.*  
 25 *2191(c)(1)) is amended by striking “or section*  
 26 *282 of the Uruguay Round Agreements Act” and*

1        *inserting “, section 282 of the Uruguay Round*  
2        *Agreements Act, or section 2105(a)(1) of the Bi-*  
3        *partisan Trade Promotion Authority Act of*  
4        *2002”.*

5        (2) *ADVICE FROM INTERNATIONAL TRADE COM-*  
6        *MISSION.—Section 131 (19 U.S.C. 2151) is*  
7        *amended—*

8                (A) *in subsection (a)—*

9                        (i) *in paragraph (1), by striking “sec-*  
10                        *tion 123 of this Act or section 1102 (a) or*  
11                        *(c) of the Omnibus Trade and Competitive-*  
12                        *ness Act of 1988,” and inserting “section*  
13                        *123 of this Act or section 2103(a) or (b) of*  
14                        *the Bipartisan Trade Promotion Authority*  
15                        *Act of 2002,”; and*

16                        (ii) *in paragraph (2), by striking “sec-*  
17                        *tion 1102 (b) or (c) of the Omnibus Trade*  
18                        *and Competitiveness Act of 1988” and in-*  
19                        *serting “section 2103(b) of the Bipartisan*  
20                        *Trade Promotion Authority Act of 2002”;*

21                (B) *in subsection (b), by striking “section*  
22                        *1102(a)(3)(A)” and inserting “section*  
23                        *2103(a)(3)(A) of the Bipartisan Trade Pro-*  
24                        *motion Authority Act of 2002”; and*

1           (C) in subsection (c), by striking “section  
2           1102 of the Omnibus Trade and Competitiveness  
3           Act of 1988,” and inserting “section 2103 of the  
4           Bipartisan Trade Promotion Authority Act of  
5           2002,”.

6           (3) *HEARINGS AND ADVICE*.—Sections 132,  
7           133(a), and 134(a) (19 U.S.C. 2152, 2153(a), and  
8           2154(a)) are each amended by striking “section 1102  
9           of the Omnibus Trade and Competitiveness Act of  
10          1988,” each place it appears and inserting “section  
11          2103 of the Bipartisan Trade Promotion Authority  
12          Act of 2002,”.

13          (4) *PREREQUISITES FOR OFFERS*.—Section  
14          134(b) (19 U.S.C. 2154(b)) is amended by striking  
15          “section 1102 of the Omnibus Trade and Competitive-  
16          ness Act of 1988” and inserting “section 2103 of the  
17          Bipartisan Trade Promotion Authority Act of 2002”.

18          (5) *ADVICE FROM PRIVATE AND PUBLIC SEC-*  
19          *TORS*.—Section 135 (19 U.S.C. 2155) is amended—

20               (A) in subsection (a)(1)(A), by striking  
21               “section 1102 of the Omnibus Trade and Com-  
22               petitiveness Act of 1988” and inserting “section  
23               2103 of the Bipartisan Trade Promotion Author-  
24               ity Act of 2002”;

25               (B) in subsection (e)(1)—

1                   (i) by striking “section 1102 of the  
2                   *Omnibus Trade and Competitiveness Act of*  
3                   1988” each place it appears and inserting  
4                   “section 2103 of the *Bipartisan Trade Pro-*  
5                   *motion Authority Act of 2002*”; and

6                   (ii) by striking “section 1103(a)(1)(A)  
7                   of such Act of 1988” and inserting “section  
8                   2105(a)(1)(A) of the *Bipartisan Trade Pro-*  
9                   *motion Authority Act of 2002*”; and

10                  (C) in subsection (e)(2), by striking “section  
11                  1101 of the *Omnibus Trade and Competitiveness*  
12                  *Act of 1988*” and inserting “section 2102 of the  
13                  *Bipartisan Trade Promotion Authority Act of*  
14                  2002”.

15                  (6) *TRANSMISSION OF AGREEMENTS TO CON-*  
16                  *GRESS.*—Section 162(a) (19 U.S.C. 2212(a)) is  
17                  amended by striking “or under section 1102 of the  
18                  *Omnibus Trade and Competitiveness Act of 1988*”  
19                  and inserting “or under section 2103 of the *Bipar-*  
20                  *tisan Trade Promotion Authority Act of 2002*”.

21                  (b) *APPLICATION OF CERTAIN PROVISIONS.*—For pur-  
22                  poses of applying sections 125, 126, and 127 of the *Trade*  
23                  *Act of 1974* (19 U.S.C. 2135, 2136(a), and 2137)—

24                   (1) any trade agreement entered into under sec-  
25                  tion 2103 shall be treated as an agreement entered

1        *into under section 101 or 102, as appropriate, of the*  
 2        *Trade Act of 1974 (19 U.S.C. 2111 or 2112); and*

3                *(2) any proclamation or Executive order issued*  
 4        *pursuant to a trade agreement entered into under sec-*  
 5        *tion 2103 shall be treated as a proclamation or Exec-*  
 6        *utive order issued pursuant to a trade agreement en-*  
 7        *tered into under section 102 of the Trade Act of 1974.*

8    **SEC. 2111. DEFINITIONS.**

9        *In this title:*

10                *(1) AGREEMENT ON AGRICULTURE.—The term*  
 11        *“Agreement on Agriculture” means the agreement re-*  
 12        *ferred to in section 101(d)(2) of the Uruguay Round*  
 13        *Agreements Act (19 U.S.C. 3511(d)(2)).*

14                *(2) CORE LABOR STANDARDS.—The term “core*  
 15        *labor standards” means—*

16                        *(A) the right of association;*

17                        *(B) the right to organize and bargain collec-*  
 18        *tively;*

19                        *(C) a prohibition on the use of any form of*  
 20        *forced or compulsory labor;*

21                        *(D) a minimum age for the employment of*  
 22        *children; and*

23                        *(E) acceptable conditions of work with re-*  
 24        *spect to minimum wages, hours of work, and oc-*  
 25        *cupational safety and health.*

1           (3) *GATT 1994*.—The term “GATT 1994” has  
2           the meaning given that term in section 2 of the *Uruguay Round Agreements Act* (19 U.S.C. 3501).

4           (4) *ILO*.—The term “ILO” means the *International Labor Organization*.

6           (5) *UNITED STATES PERSON*.—The term “United  
7           States person” means—

8                     (A) a United States citizen;

9                     (B) a partnership, corporation, or other  
10           legal entity organized under the laws of the  
11           United States; and

12                    (C) a partnership, corporation, or other  
13           legal entity that is organized under the laws of  
14           a foreign country and is controlled by entities  
15           described in subparagraph (B) or United States  
16           citizens, or both.

17           (6) *URUGUAY ROUND AGREEMENTS*.—The term  
18           “Uruguay Round Agreements” has the meaning given  
19           that term in section 2(7) of the *Uruguay Round*  
20           *Agreements Act* (19 U.S.C. 3501(7)).

21           (7) *WORLD TRADE ORGANIZATION; WTO*.—The  
22           terms “World Trade Organization” and “WTO”  
23           mean the organization established pursuant to the  
24           WTO Agreement.

1           (8) *WTO AGREEMENT.*—*The term “WTO Agree-*  
2           *ment” means the Agreement Establishing the World*  
3           *Trade Organization entered into on April 15, 1994.*

4           (9) *WTO MEMBER.*—*The term “WTO member”*  
5           *has the meaning given that term in section 2(10) of*  
6           *the Uruguay Round Agreements Act (19 U.S.C.*  
7           *3501(10)).*

8           (10) *OTHER DEFINITIONS.*—

9                   (A) *AGREEMENT ON SUBSIDIES AND COUN-*  
10            *TERVAILING MEASURES.*—*The term “Agreement*  
11            *on Subsidies and Countervailing Measures”*  
12            *means the agreement referred to in section*  
13            *101(d)(12) of the Uruguay Round Agreements*  
14            *Act (19 U.S.C. 3511(d)(12)).*

15                   (B) *ANTIDUMPING AGREEMENT.*—*The term*  
16            *“Antidumping Agreement” means the Agreement*  
17            *on Implementation of Article VI of the General*  
18            *Agreement on Tariffs and Trade 1994 referred to*  
19            *in section 101(d)(7) of the Uruguay Round*  
20            *Agreements Act (19 U.S.C. 3511(d)(7)).*



1     ***DIVISION C—ANDEAN TRADE***  
2             ***PREFERENCE ACT***  
3     ***TITLE XXXI—ANDEAN TRADE***  
4             ***PREFERENCE***

5     ***SEC. 3101. SHORT TITLE.***

6         *This title may be cited as the “Andean Trade Pro-*  
7     *motion and Drug Eradication Act”.*

8     ***SEC. 3102. FINDINGS.***

9         *Congress makes the following findings:*

10             *(1) Since the Andean Trade Preference Act was*  
11     *enacted in 1991, it has had a positive impact on*  
12     *United States trade with Bolivia, Colombia, Ecuador,*  
13     *and Peru. Two-way trade has doubled, with the*  
14     *United States serving as the leading source of imports*  
15     *and leading export market for each of the Andean*  
16     *beneficiary countries. This has resulted in increased*  
17     *jobs and expanded export opportunities in both the*  
18     *United States and the Andean region.*

19             *(2) The Andean Trade Preference Act has been a*  
20     *key element in the United States counternarcotics*  
21     *strategy in the Andean region, promoting export di-*  
22     *versification and broad-based economic development*  
23     *that provides sustainable economic alternatives to*  
24     *drug-crop production, strengthening the legitimate*

1 *economies of Andean countries and creating viable al-*  
2 *ternatives to illicit trade in coca.*

3 *(3) Notwithstanding the success of the Andean*  
4 *Trade Preference Act, the Andean region remains*  
5 *threatened by political and economic instability and*  
6 *fragility, vulnerable to the consequences of the drug*  
7 *war and fierce global competition for its legitimate*  
8 *trade.*

9 *(4) The continuing instability in the Andean re-*  
10 *gion poses a threat to the security interests of the*  
11 *United States and the world. This problem has been*  
12 *partially addressed through foreign aid, such as Plan*  
13 *Colombia, enacted by Congress in 2000. However, for-*  
14 *oreign aid alone is not sufficient. Enhancement of le-*  
15 *gitimate trade with the United States provides an al-*  
16 *ternative means for reviving and stabilizing the*  
17 *economies in the Andean region.*

18 *(5) The Andean Trade Preference Act constitutes*  
19 *a tangible commitment by the United States to the*  
20 *promotion of prosperity, stability, and democracy in*  
21 *the beneficiary countries.*

22 *(6) Renewal and enhancement of the Andean*  
23 *Trade Preference Act will bolster the confidence of do-*  
24 *mestic private enterprise and foreign investors in the*  
25 *economic prospects of the region, ensuring that legiti-*

1        *mate private enterprise can be the engine of economic*  
 2        *development and political stability in the region.*

3            *(7) Each of the Andean beneficiary countries is*  
 4        *committed to conclude negotiation of a Free Trade*  
 5        *Area of the Americas by the year 2005, as a means*  
 6        *of enhancing the economic security of the region.*

7            *(8) Temporarily enhancing trade benefits for An-*  
 8        *dean beneficiary countries will promote the growth of*  
 9        *free enterprise and economic opportunity in these*  
 10       *countries and serve the security interests of the*  
 11       *United States, the region, and the world.*

12    **SEC. 3103. ARTICLES ELIGIBLE FOR PREFERENTIAL TREAT-**  
 13            **MENT.**

14        *(a) ELIGIBILITY OF CERTAIN ARTICLES.—Section 204*  
 15       *of the Andean Trade Preference Act (19 U.S.C. 3203) is*  
 16       *amended—*

17            *(1) by striking subsection (c) and redesignating*  
 18        *subsections (d) through (g) as subsections (c) through*  
 19        *(f), respectively; and*

20            *(2) by amending subsection (b) to read as fol-*  
 21        *lows:*

22        *“(b) EXCEPTIONS AND SPECIAL RULES.—*

23            *“(1) CERTAIN ARTICLES THAT ARE NOT IMPORT-*  
 24        *SENSITIVE.—The President may proclaim duty-free*  
 25        *treatment under this title for any article described in*

1       subparagraph (A), (B), (C), or (D) that is the growth,  
2       product, or manufacture of an ATPDEA beneficiary  
3       country and that meets the requirements of this sec-  
4       tion, if the President determines that such article is  
5       not import-sensitive in the context of imports from  
6       ATPDEA beneficiary countries:

7               “(A) Footwear not designated at the time of  
8       the effective date of this Act as eligible for the  
9       purpose of the generalized system of preferences  
10      under title V of the Trade Act of 1974.

11              “(B) Petroleum, or any product derived  
12      from petroleum, provided for in headings 2709  
13      and 2710 of the HTS.

14              “(C) Watches and watch parts (including  
15      cases, bracelets and straps), of whatever type in-  
16      cluding, but not limited to, mechanical, quartz  
17      digital or quartz analog, if such watches or  
18      watch parts contain any material which is the  
19      product of any country with respect to which  
20      HTS column 2 rates of duty apply.

21              “(D) Handbags, luggage, flat goods, work  
22      gloves, and leather wearing apparel that were  
23      not designated on August 5, 1983, as eligible ar-  
24      ticles for purposes of the generalized system of

1        *preferences under title V of the Trade Act of*  
2        *1974.*

3        “(2) *EXCLUSIONS.*—*Subject to paragraph (3),*  
4        *duty-free treatment under this title may not be ex-*  
5        *tended to—*

6                “(A) *textiles and apparel articles which*  
7                *were not eligible articles for purposes of this title*  
8                *on January 1, 1994, as this title was in effect*  
9                *on that date;*

10               “(B) *rum and tafia classified in subheading*  
11               *2208.40 of the HTS; or*

12               “(C) *sugars, syrups, and sugar-containing*  
13               *products subject to over-quota duty rates under*  
14               *applicable tariff-rate quotas.*

15        “(3) *APPAREL ARTICLES.*—

16               “(A) *IN GENERAL.*—*Apparel articles that*  
17               *are imported directly into the customs territory*  
18               *of the United States from an ATPDEA bene-*  
19               *ficiary country shall enter the United States free*  
20               *of duty and free of any quantitative restrictions,*  
21               *limitations, or consultation levels, but only if*  
22               *such articles are described in subparagraph (B).*

23               “(B) *COVERED ARTICLES.*—*The apparel ar-*  
24               *ticles referred to in subparagraph (A) are the fol-*  
25               *lowing:*

1           “(i) *APPAREL ARTICLES ASSEMBLED*  
2           *FROM PRODUCTS OF THE UNITED STATES*  
3           *AND ATPDEA BENEFICIARY COUNTRIES OR*  
4           *PRODUCTS NOT AVAILABLE IN COMMERCIAL*  
5           *QUANTITIES.—Apparel articles sewn or oth-*  
6           *erwise assembled in 1 or more ATPDEA*  
7           *beneficiary countries, or the United States,*  
8           *or both, exclusively from any one or any*  
9           *combination of the following:*

10               “(I) *Fabrics or fabric components*  
11               *formed, or components knit-to-shape,*  
12               *in the United States, from yarns*  
13               *formed in the United States or 1 or*  
14               *more ATPDEA beneficiary countries*  
15               *(including fabrics not formed from*  
16               *yarns, if such fabrics are classifiable*  
17               *under heading 5602 or 5603 of the*  
18               *HTS and are formed in the United*  
19               *States). Apparel articles shall qualify*  
20               *under this subclause only if all dyeing,*  
21               *printing, and finishing of the fabrics*  
22               *from which the articles are assembled,*  
23               *if the fabrics are knit fabrics, is car-*  
24               *ried out in the United States. Apparel*  
25               *articles shall qualify under this sub-*

1 *clause only if all dyeing, printing, and*  
2 *finishing of the fabrics from which the*  
3 *articles are assembled, if the fabrics are*  
4 *woven fabrics, is carried out in the*  
5 *United States.*

6 “(II) *Fabrics or fabric compo-*  
7 *nents formed or components knit-to-*  
8 *shape, in 1 or more ATPDEA bene-*  
9 *ficiary countries, from yarns formed in*  
10 *1 or more ATPDEA beneficiary coun-*  
11 *tries, if such fabrics (including fabrics*  
12 *not formed from yarns, if such fabrics*  
13 *are classifiable under heading 5602 or*  
14 *5603 of the HTS and are formed in 1*  
15 *or more ATPDEA beneficiary coun-*  
16 *tries) or components are in chief*  
17 *weight of llama or alpaca.*

18 “(III) *Fabrics or yarn that is not*  
19 *formed in the United States or in one*  
20 *or more ATPDEA beneficiary coun-*  
21 *tries, to the extent that apparel articles*  
22 *of such fabrics or yarn would be eligi-*  
23 *ble for preferential treatment, without*  
24 *regard to the source of the fabrics or*  
25 *yarn, under Annex 401 of the NAFTA.*

1           “(ii) *ADDITIONAL FABRICS*.—At the re-  
2           quest of any interested party, the President  
3           is authorized to proclaim additional fabrics  
4           and yarns as eligible for preferential treat-  
5           ment under clause (i)(III) if—

6                   “(I) the President determines that  
7                   such fabrics or yarns cannot be sup-  
8                   plied by the domestic industry in com-  
9                   mercial quantities in a timely manner;

10                   “(II) the President has obtained  
11                   advice regarding the proposed action  
12                   from the appropriate advisory com-  
13                   mittee established under section 135 of  
14                   the Trade Act of 1974 (19 U.S.C.  
15                   2155) and the United States Inter-  
16                   national Trade Commission;

17                   “(III) within 60 days after the re-  
18                   quest, the President has submitted a re-  
19                   port to the Committee on Ways and  
20                   Means of the House of Representatives  
21                   and the Committee on Finance of the  
22                   Senate that sets forth the action pro-  
23                   posed to be proclaimed and the reasons  
24                   for such action, and the advice ob-  
25                   tained under subclause (II);



1                   “(IV) a period of 60 calendar  
2                   days, beginning with the first day on  
3                   which the President has met the re-  
4                   quirements of subclause (III), has ex-  
5                   pired; and

6                   “(V) the President has consulted  
7                   with such committees regarding the  
8                   proposed action during the period re-  
9                   ferred to in subclause (III).

10                  “(iii) APPAREL ARTICLES ASSEMBLED  
11                  IN 1 OR MORE ATPDEA BENEFICIARY COUN-  
12                  TRIES FROM REGIONAL FABRICS OR RE-  
13                  GIONAL COMPONENTS.—(I) Subject to the  
14                  limitation set forth in subclause (II), ap-  
15                  parel articles sewn or otherwise assembled  
16                  in 1 or more ATPDEA beneficiary coun-  
17                  tries from fabrics or from fabric components  
18                  formed or from components knit-to-shape,  
19                  in 1 or more ATPDEA beneficiary coun-  
20                  tries, from yarns formed in the United  
21                  States or 1 or more ATPDEA beneficiary  
22                  countries (including fabrics not formed from  
23                  yarns, if such fabrics are classifiable under  
24                  heading 5602 or 5603 of the HTS and are  
25                  formed in 1 or more ATPDEA beneficiary

1           *countries), whether or not the apparel arti-*  
2           *cles are also made from any of the fabrics,*  
3           *fabric components formed, or components*  
4           *knit-to-shape described in clause (i).*

5           “(II) *The preferential treatment re-*  
6           *ferred to in subclause (I) shall be extended*  
7           *in the 1-year period beginning December 1,*  
8           *2001, and in each of the 5 succeeding 1-year*  
9           *periods, to imports of apparel articles in an*  
10           *amount not to exceed the applicable percent-*  
11           *age of the aggregate square meter equiva-*  
12           *lents of all apparel articles imported into*  
13           *the United States in the preceding 12-*  
14           *month period for which data are available.*

15           “(III) *For purposes of subclause (II),*  
16           *the term ‘applicable percentage’ means 3*  
17           *percent for the 1-year period beginning De-*  
18           *cember 1, 2001, increased in each of the 5*  
19           *succeeding 1-year periods by equal incre-*  
20           *ments, so that for the period beginning De-*  
21           *cember 1, 2005, the applicable percentage*  
22           *does not exceed 6 percent.*

23           “(iv) *HANDLOOMED, HANDMADE, AND*  
24           *FOLKLORE ARTICLES.—A handloomed,*  
25           *handmade, or folklore article of an*

1        *ATPDEA beneficiary country identified*  
2        *under subparagraph (C) that is certified as*  
3        *such by the competent authority of such*  
4        *beneficiary country.*

5                “(v) *SPECIAL RULES.—*

6                        “(I) *EXCEPTION FOR FINDINGS*  
7        *AND TRIMMINGS.—An article otherwise*  
8        *eligible for preferential treatment*  
9        *under this paragraph shall not be in-*  
10       *eligible for such treatment because the*  
11       *article contains findings or trimmings*  
12       *of foreign origin, if such findings and*  
13       *trimmings do not exceed 25 percent of*  
14       *the cost of the components of the assem-*  
15       *bled product. Examples of findings and*  
16       *trimmings are sewing thread, hooks*  
17       *and eyes, snaps, buttons, ‘bow buds’,*  
18       *decorative lace, trim, elastic strips,*  
19       *zippers, including zipper tapes and la-*  
20       *bels, and other similar products.*

21                “(II) *CERTAIN INTERLINING.—*

22                        (aa) *An article otherwise eligible for*  
23        *preferential treatment under this para-*  
24        *graph shall not be ineligible for such*  
25        *treatment because the article contains*

1 *certain interlinings of foreign origin, if*  
2 *the value of such interlinings (and any*  
3 *findings and trimmings) does not ex-*  
4 *ceed 25 percent of the cost of the com-*  
5 *ponents of the assembled article.*

6 “(bb) *Interlinings eligible for the*  
7 *treatment described in division (aa)*  
8 *include only a chest type plate, ‘hymo’*  
9 *piece, or ‘sleeve header’, of woven or*  
10 *weft-inserted warp knit construction*  
11 *and of coarse animal hair or man-*  
12 *made filaments.*

13 “(cc) *The treatment described in*  
14 *this subclause shall terminate if the*  
15 *President makes a determination that*  
16 *United States manufacturers are pro-*  
17 *ducing such interlinings in the United*  
18 *States in commercial quantities.*

19 “(III) *DE MINIMIS RULE.—An ar-*  
20 *ticle that would otherwise be ineligible*  
21 *for preferential treatment under this*  
22 *subparagraph because the article con-*  
23 *tains fibers or yarns not wholly formed*  
24 *in the United States or in one or more*  
25 *ATPDEA beneficiary countries shall*

1                   *not be ineligible for such treatment if*  
2                   *the total weight of all such fibers or*  
3                   *yarns is not more than 7 percent of the*  
4                   *total weight of the good.*

5                   “(C) *HANDLOOMED, HANDMADE, AND FOLK-*  
6                   *LORE ARTICLES.—For purposes of subparagraph*  
7                   *(B)(iv), the President shall consult with rep-*  
8                   *resentatives of the ATPDEA beneficiary coun-*  
9                   *tries concerned for the purpose of identifying*  
10                  *particular textile and apparel goods that are*  
11                  *mutually agreed upon as being handloomed,*  
12                  *handmade, or folklore goods of a kind described*  
13                  *in section 2.3(a), (b), or (c) of the Annex or Ap-*  
14                  *pendix 3.1.B.11 of the Annex.*

15                  “(D) *PENALTIES FOR TRANSSHIPMENT.—*

16                  “(i) *PENALTIES FOR EXPORTERS.—If*  
17                  *the President determines, based on sufficient*  
18                  *evidence, that an exporter has engaged in*  
19                  *transshipment with respect to apparel arti-*  
20                  *cles from an ATPDEA beneficiary country,*  
21                  *then the President shall deny all benefits*  
22                  *under this title to such exporter, and any*  
23                  *successor of such exporter, for a period of 2*  
24                  *years.*

1                   “(ii) *PENALTIES FOR COUNTRIES.*—

2                   *Whenever the President finds, based on suf-*  
3                   *ficient evidence, that transshipment has oc-*  
4                   *curring, the President shall request that the*  
5                   *ATPDEA beneficiary country or countries*  
6                   *through whose territory the transshipment*  
7                   *has occurred take all necessary and appro-*  
8                   *priate actions to prevent such trans-*  
9                   *shipment. If the President determines that a*  
10                  *country is not taking such actions, the*  
11                  *President shall reduce the quantities of ap-*  
12                  *parel articles that may be imported into the*  
13                  *United States from such country by the*  
14                  *quantity of the transshipped articles multi-*  
15                  *plied by 3, to the extent consistent with the*  
16                  *obligations of the United States under the*  
17                  *WTO.*

18                  “(iii) *TRANSSHIPMENT DESCRIBED.*—

19                  *Transshipment within the meaning of this*  
20                  *subparagraph has occurred when pref-*  
21                  *erential treatment under subparagraph (A)*  
22                  *has been claimed for an apparel article on*  
23                  *the basis of material false information con-*  
24                  *cerning the country of origin, manufacture,*  
25                  *processing, or assembly of the article or any*

1           *of its components. For purposes of this*  
 2           *clause, false information is material if dis-*  
 3           *closure of the true information would mean*  
 4           *or would have meant that the article is or*  
 5           *was ineligible for preferential treatment*  
 6           *under subparagraph (A).*

7           “(E) *BILATERAL EMERGENCY ACTIONS.*—

8                   “(i) *IN GENERAL.*—*The President may*  
 9           *take bilateral emergency tariff actions of a*  
 10          *kind described in section 4 of the Annex*  
 11          *with respect to any apparel article im-*  
 12          *ported from an ATPDEA beneficiary coun-*  
 13          *try if the application of tariff treatment*  
 14          *under subparagraph (A) to such article re-*  
 15          *sults in conditions that would be cause for*  
 16          *the taking of such actions under such sec-*  
 17          *tion 4 with respect to a like article de-*  
 18          *scribed in the same 8-digit subheading of*  
 19          *the HTS that is imported from Mexico.*

20                   “(ii) *RULES RELATING TO BILATERAL*  
 21          *EMERGENCY ACTION.*—*For purposes of ap-*  
 22          *plying bilateral emergency action under*  
 23          *this subparagraph—*

24                           “(I) *the requirements of para-*  
 25                           *graph (5) of section 4 of the Annex (re-*

1            *lating to providing compensation)*  
 2            *shall not apply;*

3            *“(II) the term ‘transition period’*  
 4            *in section 4 of the Annex shall mean*  
 5            *the period ending December 31, 2006;*  
 6            *and*

7            *“(III) the requirements to consult*  
 8            *specified in section 4 of the Annex*  
 9            *shall be treated as satisfied if the*  
 10           *President requests consultations with*  
 11           *the ATPDEA beneficiary country in*  
 12           *question and the country does not*  
 13           *agree to consult within the time period*  
 14           *specified under section 4.*

15           *“(4) CUSTOMS PROCEDURES.—*

16           *“(A) IN GENERAL.—*

17           *“(i) REGULATIONS.—Any importer*  
 18           *that claims preferential treatment under*  
 19           *paragraph (1) or (3) shall comply with cus-*  
 20           *toms procedures similar in all material re-*  
 21           *spects to the requirements of Article 502(1)*  
 22           *of the NAFTA as implemented pursuant to*  
 23           *United States law, in accordance with regu-*  
 24           *lations promulgated by the Secretary of the*  
 25           *Treasury.*



1 “(ii) *DETERMINATION.*—

2 “(I) *IN GENERAL.*—*In order to*  
3 *qualify for the preferential treatment*  
4 *under paragraph (1) or (3) and for a*  
5 *Certificate of Origin to be valid with*  
6 *respect to any article for which such*  
7 *treatment is claimed, there shall be in*  
8 *effect a determination by the President*  
9 *that each country described in sub-*  
10 *clause (II)—*

11 “(aa) *has implemented and*  
12 *follows; or*

13 “(bb) *is making substantial*  
14 *progress toward implementing*  
15 *and following,*

16 *procedures and requirements similar*  
17 *in all material respects to the relevant*  
18 *procedures and requirements under*  
19 *chapter 5 of the NAFTA.*

20 “(II) *COUNTRY DESCRIBED.*—*A*  
21 *country is described in this subclause if*  
22 *it is an ATPDEA beneficiary*  
23 *country—*

24 “(aa) *from which the article*  
25 *is exported; or*

1                   “(bb) in which materials  
2                   used in the production of the arti-  
3                   cle originate or in which the arti-  
4                   cle or such materials undergo pro-  
5                   duction that contributes to a  
6                   claim that the article is eligible  
7                   for preferential treatment under  
8                   paragraph (1) or (3).

9                   “(B) CERTIFICATE OF ORIGIN.—The Certifi-  
10                  cate of Origin that otherwise would be required  
11                  pursuant to the provisions of subparagraph (A)  
12                  shall not be required in the case of an article im-  
13                  ported under paragraph (1) or (3) if such Cer-  
14                  tificate of Origin would not be required under  
15                  Article 503 of the NAFTA (as implemented pur-  
16                  suant to United States law), if the article were  
17                  imported from Mexico.

18                  “(5) DEFINITIONS.—In this subsection—

19                         “(A) ANNEX.—The term ‘the Annex’ means  
20                         Annex 300-B of the NAFTA.

21                         “(B) ATPDEA BENEFICIARY COUNTRY.—  
22                         The term ‘ATPDEA beneficiary country’ means  
23                         any ‘beneficiary country’, as defined in section  
24                         203(a)(1) of this title, which the President des-  
25                         ignates as an ATPDEA beneficiary country, tak-

1        *ing into account the criteria contained in sub-*  
2        *sections (c) and (d) of section 203 and other ap-*  
3        *propriate criteria, including the following:*

4                *“(i) Whether the beneficiary country*  
5                *has demonstrated a commitment to—*

6                        *“(I) undertake its obligations*  
7                        *under the WTO, including those agree-*  
8                        *ments listed in section 101(d) of the*  
9                        *Uruguay Round Agreements Act, on or*  
10                       *ahead of schedule; and*

11                       *“(II) participate in negotiations*  
12                       *toward the completion of the FTAA or*  
13                       *another free trade agreement.*

14                *“(ii) The extent to which the country*  
15                *provides protection of intellectual property*  
16                *rights consistent with or greater than the*  
17                *protection afforded under the Agreement on*  
18                *Trade-Related Aspects of Intellectual Prop-*  
19                *erty Rights described in section 101(d)(15)*  
20                *of the Uruguay Round Agreements Act.*

21                *“(iii) The extent to which the country*  
22                *provides internationally recognized worker*  
23                *rights, including—*

24                        *“(I) the right of association;*

1                   “(II) *the right to organize and*  
2                   *bargain collectively;*

3                   “(III) *a prohibition on the use of*  
4                   *any form of forced or compulsory*  
5                   *labor;*

6                   “(IV) *a minimum age for the em-*  
7                   *ployment of children; and*

8                   “(V) *acceptable conditions of work*  
9                   *with respect to minimum wages, hours*  
10                  *of work, and occupational safety and*  
11                  *health;*

12                  “(iv) *Whether the country has imple-*  
13                  *mented its commitments to eliminate the*  
14                  *worst forms of child labor, as defined in sec-*  
15                  *tion 507(6) of the Trade Act of 1974.*

16                  “(v) *The extent to which the country*  
17                  *has met the counternarcotics certification*  
18                  *criteria set forth in section 490 of the For-*  
19                  *eign Assistance Act of 1961 (22 U.S.C.*  
20                  *2291j) for eligibility for United States as-*  
21                  *sistance.*

22                  “(vi) *The extent to which the country*  
23                  *has taken steps to become a party to and*  
24                  *implements the Inter-American Convention*  
25                  *Against Corruption.*

1                   “(vii) *The extent to which the*  
2                   *country—*

3                   “(I) *applies transparent, non-*  
4                   *discriminatory, and competitive proce-*  
5                   *dures in government procurement*  
6                   *equivalent to those contained in the*  
7                   *Agreement on Government Procure-*  
8                   *ment described in section 101(d)(17) of*  
9                   *the Uruguay Round Agreements Act;*  
10                  *and*

11                  “(II) *contributes to efforts in*  
12                  *international fora to develop and im-*  
13                  *plement international rules in trans-*  
14                  *parency in government procurement.*

15                  “(C) *NAFTA.—The term ‘NAFTA’ means*  
16                  *the North American Free Trade Agreement en-*  
17                  *tered into between the United States, Mexico,*  
18                  *and Canada on December 17, 1992.*

19                  “(D) *WTO.—The term ‘WTO’ has the*  
20                  *meaning given that term in section 2 of the Uru-*  
21                  *guay Round Agreements Act (19 U.S.C. 3501).*

22                  “(E) *ATPDEA.—The term ‘ATPDEA’*  
23                  *means the Andean Trade Promotion and Drug*  
24                  *Eradication Act.”.*

1       (b) *DETERMINATION REGARDING RETENTION OF DES-*  
 2 *IGNATION.*—Section 203(e)(1) of the Andean Trade Pref-  
 3 *erence Act (19 U.S.C. 3202(e)(1)) is amended—*

4               (1) *by redesignating subparagraphs (A) and (B)*  
 5 *as clauses (i) and (ii), respectively;*

6               (2) *by inserting “(A)” after “(1)”;* and

7               (3) *by adding at the end the following:*

8               “(B) *The President may, after the requirements of*  
 9 *paragraph (2) have been met—*

10               “(i) *withdraw or suspend the designation of any*  
 11 *country as an ATPDEA beneficiary country, or*

12               “(ii) *withdraw, suspend, or limit the application*  
 13 *of preferential treatment under section 204(b)(1) or*  
 14 *(3) to any article of any country,*

15 *if, after such designation, the President determines that, as*  
 16 *a result of changed circumstances, the performance of such*  
 17 *country is not satisfactory under the criteria set forth in*  
 18 *section 204(b)(5)(B).”.*

19       (c) *CONFORMING AMENDMENTS.*—(1) *Section 202 of*  
 20 *the Andean Trade Preference Act (19 U.S.C. 3201) is*  
 21 *amended by inserting “(or other preferential treatment)”*  
 22 *after “treatment”.*

23       (2) *Section 204(a) of the Andean Trade Preference Act*  
 24 *(19 U.S.C. 3203(a)) is amended—*

1           (A) in paragraph (1), by inserting “(or other-  
2       wise provided for)” after “eligibility”; and

3           (B) in paragraph (2), by striking “subsection  
4       (a)” and inserting “paragraph (1)”.

5       **SEC. 3104. TERMINATION OF PREFERENTIAL TREATMENT.**

6       Section 208 of the Andean Trade Preference Act (19  
7       U.S.C. 3206) is amended to read as follows:

8       **“SEC. 208. TERMINATION OF PREFERENTIAL TREATMENT.**

9       *“No duty-free treatment or other preferential treat-  
10      ment extended to beneficiary countries under this title shall  
11      remain in effect after December 31, 2006.”.*

12      **SEC. 3105. TRADE BENEFITS UNDER THE CARIBBEAN BASIN  
13                                      ECONOMIC RECOVERY ACT.**

14      Section 213(b)(2)(A) of the Caribbean Basin Economic  
15      Recovery Act (19 U.S.C. 2703(b)(2)(A)) is amended as fol-  
16      lows:

17                      (1) Clause (i) is amended—

18                                      (A) by striking the matter preceding sub-  
19                      clause (I) and inserting the following:

20                                      “(i) APPAREL ARTICLES ASSEMBLED  
21                                      IN ONE OR MORE CBTPA BENEFICIARY  
22                                      COUNTRIES.—Apparel articles sewn or oth-  
23                                      erwise assembled in one or more CBTPA  
24                                      beneficiary countries from fabrics wholly  
25                                      formed and cut, or from components knit-

1 *to-shape, in the United States from yarns*  
 2 *wholly formed in the United States, (includ-*  
 3 *ing fabrics not formed from yarns, if such*  
 4 *fabrics are classifiable under heading 5602*  
 5 *or 5603 of the HTS and are wholly formed*  
 6 *and cut in the United States) that are—”;*  
 7 *and*

8 *(B) by adding at the end the following:*

9 *“Apparel articles shall qualify under the*  
 10 *preceding sentence only if all dyeing, print-*  
 11 *ing, and finishing of the fabrics from which*  
 12 *the articles are assembled, if the fabrics are*  
 13 *knit fabrics, is carried out in the United*  
 14 *States. Apparel articles shall qualify under*  
 15 *the first sentence of this clause only if all*  
 16 *dyeing, printing, and finishing of the fab-*  
 17 *rics from which the articles are assembled,*  
 18 *if the fabrics are woven fabrics, is carried*  
 19 *out in the United States.”.*

20 *(2) Clause (ii) is amended to read as follows:*

21 *“(ii) OTHER APPAREL ARTICLES AS-*  
 22 *SEMBLED IN ONE OR MORE CBTPA BENE-*  
 23 *FICIARY COUNTRIES.—Apparel articles sewn*  
 24 *or otherwise assembled in one or more*  
 25 *CBTPA beneficiary countries with thread*



1       *formed in the United States from fabrics*  
2       *wholly formed in the United States and cut*  
3       *in one or more CBTPA beneficiary coun-*  
4       *tries from yarns wholly formed in the*  
5       *United States, or from components knit-to-*  
6       *shape in the United States from yarns*  
7       *wholly formed in the United States, or both*  
8       *(including fabrics not formed from yarns, if*  
9       *such fabrics are classifiable under heading*  
10       *5602 or 5603 of the HTS and are wholly*  
11       *formed in the United States). Apparel arti-*  
12       *cles shall qualify under the preceding sen-*  
13       *tence only if all dyeing, printing, and fin-*  
14       *ishing of the fabrics from which the articles*  
15       *are assembled, if the fabrics are knit fabrics,*  
16       *is carried out in the United States. Apparel*  
17       *articles shall qualify under the first sentence*  
18       *of this clause only if all dyeing, printing,*  
19       *and finishing of the fabrics from which the*  
20       *articles are assembled, if the fabrics are*  
21       *woven fabrics, is carried out in the United*  
22       *States.”.*

23       (3) *Clause (iii)(II) is amended to read as fol-*  
24       *lows:*

1                   “(II) *The amount referred to in sub-*  
2                   *clause (I) is as follows:*

3                   “(aa) *290,000,000 square meter*  
4                   *equivalents during the 1-year period*  
5                   *beginning on October 1, 2001.*

6                   “(bb) *500,000,000 square meter*  
7                   *equivalents during the 1-year period*  
8                   *beginning on October 1, 2002.*

9                   “(cc) *850,000,000 square meter*  
10                  *equivalents during the 1-year period*  
11                  *beginning on October 1, 2003.*

12                  “(dd) *970,000,000 square meter*  
13                  *equivalents in each succeeding 1-year*  
14                  *period through September 30, 2008.”.*

15                  (4) *Clause (iii)(IV) is amended to read as fol-*  
16                  *lows:*

17                   “(IV) *The amount referred to in sub-*  
18                   *clause (III) is as follows:*

19                   “(aa) *4,872,000 dozen during the*  
20                   *1-year period beginning on October 1,*  
21                   *2001.*

22                   “(bb) *9,000,000 dozen during the*  
23                   *1-year period beginning on October 1,*  
24                   *2002.*

1                   “(cc) 10,000,000 dozen during the  
2                   1-year period beginning on October 1,  
3                   2003.

4                   “(dd) 12,000,000 dozen in each  
5                   succeeding 1-year period through Sep-  
6                   tember 30, 2008.”.

7                   (5) Section 213(b)(2)(A) of such Act is further  
8                   amended by adding at the end the following new  
9                   clause:

10                   “(ix) APPAREL ARTICLES ASSEMBLED  
11                   IN ONE OR MORE CBTPA BENEFICIARY  
12                   COUNTRIES FROM UNITED STATES AND  
13                   CBTPA BENEFICIARY COUNTRY COMPO-  
14                   NENTS.—Apparel articles sewn or otherwise  
15                   assembled in one or more CBTPA bene-  
16                   ficiary countries with thread formed in the  
17                   United States from components cut in the  
18                   United States and in one or more CBTPA  
19                   beneficiary countries from fabric wholly  
20                   formed in the United States from yarns  
21                   wholly formed in the United States, or from  
22                   components knit-to-shape in the United  
23                   States and one or more CBTPA beneficiary  
24                   countries from yarns wholly formed in the  
25                   United States, or both (including fabrics

1                   *not formed from yarns, if such fabrics are*  
2                   *classifiable under heading 5602 or 5603 of*  
3                   *the HTS).’’.*

4   **SEC. 3106. TRADE BENEFITS UNDER THE AFRICAN GROWTH**  
5                   **AND OPPORTUNITY ACT.**

6           *Section 112(b) of the African Growth and Opportunity*  
7   *Act (19 U.S.C. 3721(b)) is amended as follows:*

8                   *(1) Paragraph (1) is amended by amending the*  
9                   *matter preceding subparagraph (A) to read as follows:*

10                   “(1) *APPAREL ARTICLES ASSEMBLED IN ONE OR*  
11                   *MORE BENEFICIARY SUB-SAHARAN AFRICAN COUN-*  
12                   *TRIES.—Apparel articles sewn or otherwise assembled*  
13                   *in one or more beneficiary sub-Saharan African*  
14                   *countries from fabrics wholly formed and cut, or from*  
15                   *components knit-to-shape, in the United States from*  
16                   *yarns wholly formed in the United States, (including*  
17                   *fabrics not formed from yarns, if such fabrics are*  
18                   *classifiable under heading 5602 or 5603 of the HTS*  
19                   *and are wholly formed and cut in the United States)*  
20                   *that are—’’.*

21                   *(2) Paragraph (2) is amended to read as follows:*

22                   “(2) *OTHER APPAREL ARTICLES ASSEMBLED IN*  
23                   *ONE OR MORE BENEFICIARY SUB-SAHARAN AFRICAN*  
24                   *COUNTRIES.—Apparel articles sewn or otherwise as-*  
25                   *sembled in one or more beneficiary sub-Saharan Afri-*

1        *can countries with thread formed in the United States*  
 2        *from fabrics wholly formed in the United States and*  
 3        *cut in one or more beneficiary sub-Saharan African*  
 4        *countries from yarns wholly formed in the United*  
 5        *States, or from components knit-to-shape in the*  
 6        *United States from yarns wholly formed in the*  
 7        *United States, or both (including fabrics not formed*  
 8        *from yarns, if such fabrics are classifiable under*  
 9        *heading 5602 or 5603 of the HTS and are wholly*  
 10       *formed in the United States).”.*

11                *(3) Paragraph (3) is amended—*

12                        *(A) by amending the matter preceding sub-*  
 13                        *paragraph (A) to read as follows:*

14                *“(3) APPAREL ARTICLES FROM REGIONAL FABRIC*  
 15        *OR YARNS.—Apparel articles wholly assembled in one*  
 16        *or more beneficiary sub-Saharan African countries*  
 17        *from fabric wholly formed in one or more beneficiary*  
 18        *sub-Saharan African countries from yarns origi-*  
 19        *nating either in the United States or one or more*  
 20        *beneficiary sub-Saharan African countries (including*  
 21        *fabrics not formed from yarns, if such fabrics are*  
 22        *classified under heading 5602 or 5603 of the HTS*  
 23        *and are wholly formed in one or more beneficiary*  
 24        *sub-Saharan African countries), or from components*  
 25        *knit-to-shape in one or more beneficiary sub-Saharan*

1 *African countries from yarns originating either in the*  
 2 *United States or one or more beneficiary sub-Saharan*  
 3 *African countries, or apparel articles wholly formed*  
 4 *on seamless knitting machines in a beneficiary sub-*  
 5 *Saharan African country from yarns originating ei-*  
 6 *ther in the United States or one or more beneficiary*  
 7 *sub-Saharan African countries, subject to the fol-*  
 8 *lowing:”;*

9 *(B) in subparagraph (A)(ii)—*

10 *(i) by striking “1.5” and inserting*  
 11 *“3”; and*

12 *(ii) by striking “3.5” and inserting*  
 13 *“7”; and*

14 *(C) by amending subparagraph (B) to read*  
 15 *as follows:*

16 *“(B) SPECIAL RULES FOR LESSER DEVEL-*  
 17 *OPED COUNTRIES.—*

18 *“(i) IN GENERAL.—Subject to subpara-*  
 19 *graph (A), preferential treatment under this*  
 20 *paragraph shall be extended through Sep-*  
 21 *tember 30, 2004, for apparel articles wholly*  
 22 *assembled, or knit-to-shape and wholly as-*  
 23 *sembled, or both, in one or more lesser devel-*  
 24 *oped beneficiary sub-Saharan African coun-*  
 25 *tries regardless of the country of origin of*

1           *the fabric or the yarn used to make such ar-*  
 2           *ticles.*

3                   “(ii) *LESSER DEVELOPED BENE-*  
 4           *FICIARY SUB-SAHARAN AFRICAN COUNTRY.—*  
 5           *For purposes of clause (i), the term ‘lesser*  
 6           *developed beneficiary sub-Saharan African*  
 7           *country’ means—*

8                   “(I) *a beneficiary sub-Saharan*  
 9           *African country that had a per capita*  
 10           *gross national product of less than*  
 11           *\$1,500 in 1998, as measured by the*  
 12           *International Bank for Reconstruction*  
 13           *and Development;*

14                   “(II) *Botswana; and*

15                   “(III) *Namibia.”.*

16           (4) *Paragraph (4)(B) is amended by striking*  
 17           *“18.5” and inserting “21.5”.*

18           (5) *Section 112(b) of such Act is further amend-*  
 19           *ed by adding at the end the following new paragraph:*

20                   “(7) *APPAREL ARTICLES ASSEMBLED IN ONE OR*  
 21           *MORE BENEFICIARY SUB-SAHARAN AFRICAN COUN-*  
 22           *TRIES FROM UNITED STATES AND BENEFICIARY SUB-*  
 23           *SAHARAN AFRICAN COUNTRY COMPONENTS.—Apparel*  
 24           *articles sewn or otherwise assembled in one or more*  
 25           *beneficiary sub-Saharan African countries with*

1        *thread formed in the United States from components*  
 2        *cut in the United States and one or more beneficiary*  
 3        *sub-Saharan African countries from fabric wholly*  
 4        *formed in the United States from yarns wholly*  
 5        *formed in the United States, or from components*  
 6        *knit-to-shape in the United States and one or more*  
 7        *beneficiary sub-Saharan African countries from yarns*  
 8        *wholly formed in the United States, or both (includ-*  
 9        *ing fabrics not formed from yarns, if such fabrics are*  
 10       *classifiable under heading 5602 or 5603 of the*  
 11       *HTS).”.*

12    ***DIVISION        D—EXTENSION        OF***  
 13       ***CERTAIN                PREFERENTIAL***  
 14       ***TRADE        TREATMENT        AND***  
 15       ***OTHER PROVISIONS***

16    ***SEC. 4101. EXTENSION OF GENERALIZED SYSTEM OF PREF-***  
 17       ***ERENCES.***

18        *(a) EXTENSION OF DUTY-FREE TREATMENT UNDER*  
 19        *SYSTEM.—Section 505 of the Trade Act of 1974 (19 U.S.C.*  
 20        *2465(a)) is amended by striking “September 30, 2001” and*  
 21        *inserting “December 31, 2002”.*

22        *(b) RETROACTIVE APPLICATION FOR CERTAIN LIQ-*  
 23        *UIDATIONS AND RELIQUIDATIONS.—*



1           (1) *IN GENERAL.*—Notwithstanding section 514  
2       of the Tariff Act of 1930 or any other provision of  
3       law, and subject to paragraph (2), the entry—

4           (A) of any article to which duty-free treat-  
5       ment under title V of the Trade Act of 1974  
6       would have applied if the entry had been made  
7       on September 30, 2001,

8           (B) that was made after September 30,  
9       2001, and before the date of the enactment of this  
10      Act, and

11          (C) to which duty-free treatment under title  
12      V of that Act did not apply,  
13      shall be liquidated or reliquidated as free of duty, and  
14      the Secretary of the Treasury shall refund any duty  
15      paid with respect to such entry. As used in this sub-  
16      section, the term “entry” includes a withdrawal from  
17      warehouse for consumption.

18          (2) *REQUESTS.*—Liquidation or reliquidation  
19      may be made under paragraph (1) with respect to an  
20      entry only if a request therefor is filed with the Cus-  
21      toms Service, within 180 days after the date of the en-  
22      actment of this Act, that contains sufficient informa-  
23      tion to enable the Customs Service—

24          (A) to locate the entry; or

1                   (B) to reconstruct the entry if it cannot be  
2                   located.

3 **SEC. 4102. FUND FOR WTO DISPUTE SETTLEMENTS.**

4           (a) *ESTABLISHMENT OF FUND.*—There is established  
5 in the Treasury a fund for the payment of settlements under  
6 this section.

7           (b) *AUTHORITY OF USTR TO PAY SETTLEMENTS.*—  
8 Amounts in the fund established under subsection (a) shall  
9 be available, as provided in appropriations Acts, only for  
10 the payment by the United States Trade Representative of  
11 the amount of the total or partial settlement of any dispute  
12 pursuant to proceedings under the auspices of the World  
13 Trade Organization, if—

14                   (1) in the case of a total or partial settlement in  
15 an amount of not more than \$10,000,000, the Trade  
16 Representative certifies to the Secretary of the Treas-  
17 ury that the settlement is in the best interests of the  
18 United States; and

19                   (2) in the case of a total or partial settlement in  
20 an amount of more than \$10,000,000, the Trade Rep-  
21 resentative certifies to the Congress that the settlement  
22 is in the best interests of the United States.

23           (c) *APPROPRIATIONS.*—There are authorized to be ap-  
24 propriated to the fund established under subsection (a)—

25                   (1) \$50,000,000; and

1           (2) *amounts equivalent to amounts recovered by*  
 2           *the United States pursuant to the settlement of dis-*  
 3           *putes pursuant to proceedings under the auspices of*  
 4           *the World Trade Organization.*

5 *Amounts appropriated to the fund are authorized to remain*  
 6 *available until expended.*

7           (c) *MANAGEMENT OF FUND.—Sections 9601 and*  
 8 *9602(b) of the Internal Revenue Code of 1986 shall apply*  
 9 *to the fund established under subsection (a) to the same ex-*  
 10 *tent as such provisions apply to trust funds established*  
 11 *under subchapter A of chapter 98 of such Code.*

12 **SEC. 4103. PAYMENT OF DUTIES AND FEES.**

13           *Section 505(a) of the Tariff Act of 1930 (19 U.S.C.*  
 14 *1505(a)) is amended—*

15           (1) *in the first sentence—*

16                   (A) *by striking “Unless the merchandise”*  
 17                   *and inserting “Unless the entry of merchandise*  
 18                   *is covered by an import activity summary state-*  
 19                   *ment, or the merchandise”; and*

20                   (B) *by inserting after “by regulation” the*  
 21                   *following: “(but not to exceed 10 working days*  
 22                   *after entry or release, whichever occurs first)”;*  
 23                   *and*

24           (2) *by striking the second and third sentences*  
 25           *and inserting the following: “If an import activity*

1       *summary statement is filed, the importer or record*  
2       *shall deposit estimated duties and fees for entries of*  
3       *merchandise covered by the import activity summary*  
4       *statement no later than the 15th day of the month fol-*  
5       *lowing the month in which the merchandise is entered*  
6       *or released, whichever occurs first.”.*

*Attest:*

*Clerk.*